

WELLCARE HEALTH PLANS, INC.  
Form PRER14A  
June 23, 2009

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)  
Schedule 14A Information

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

WellCare Health Plans, Inc.  
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
  - (5) Total fee paid:

Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

Form or Schedule and the date of its filing.

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- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

8735 Henderson Road – Tampa, Florida 33634 – (813) 290-6200 – www.wellcare.com

June \_\_, 2009

Dear  
Shareholder:

You are cordially invited to attend the 2009 annual meeting of shareholders of WellCare Health Plans, Inc. to be held on July 30, 2009, at 10:00 a.m. Eastern Time, at the Grand Hyatt Tampa Bay, 2900 Bayport Drive, Tampa, Florida 33607.

At the meeting you will be asked to: (a) elect seven Directors; (b) approve and adopt an amendment to our certificate of incorporation to declassify our Board of Directors; (c) approve and adopt an amendment to our certificate of incorporation to provide that Directors may be removed with or without cause (except for Class III Directors serving the remaining portion of a multi-year term, who, if the amendment is approved and adopted, could not be removed without cause prior to the end of their current multi-year term); ( d ) ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2009; and ( e ) transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

The accompanying proxy statement provides a detailed description of these proposals. We urge you to read the accompanying materials so that you will be informed about the business to be addressed at the annual meeting.

It is important that your shares be represented at the annual meeting. Accordingly, we ask you, whether or not you plan to attend the annual meeting, to complete, sign and date your proxy card and return it to us promptly in the enclosed envelope or to otherwise vote in accordance with the instructions on your proxy card. You could save us money by voting through the internet or by telephone. If you attend the meeting, you may vote in person, even if you have previously mailed in your proxy. However, if you hold your shares in a brokerage account, or “street name,” you will need to provide a proxy from the institution that holds your shares reflecting stock ownership as of the record date to be able to vote by ballot at the meeting.

We look forward to seeing you at the meeting.

**IF YOU PLAN TO ATTEND THE MEETING:**

Registration and seating will begin at 9:30 a.m. Eastern Time on July 30, 2009. Shareholders and their guests will be asked to sign-in and may be asked to present valid picture identification. Shareholders holding stock in street name will need to obtain a proxy from the institution that holds their shares to evidence stock ownership as of the record date. If you require special accommodations (such as wheelchair access) to participate in this meeting, please send a written request to Timothy S. Susanin, our Secretary, at WellCare Health Plans, Inc., 8735 Henderson Road, Tampa, Florida 33634 by July 1, 2009 with your request. After July 1, we cannot guarantee that we can accommodate your request.

Sincerely,

Heath G. Schiesser  
President and Chief Executive Officer

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WELLCARE HEALTH PLANS, INC.  
8735 Henderson Road  
Tampa, Florida 33634

Notice of Annual Meeting of Shareholders

TIME AND DATE 10:00 a.m. Eastern Time on July 30, 2009.

PLACE Grand Hyatt Tampa Bay  
2900 Bayport Drive  
Tampa, Florida 33607

PURPOSE

- a. To elect seven Directors;
- b. To approve and adopt an amendment to our certificate of incorporation to declassify our Board of Directors;
- c. To approve and adopt an amendment to our certificate of incorporation to provide that Directors may be removed with or without cause (except for Class III Directors serving the remaining portion of a multi-year term, who, if the amendment is approved and adopted, could not be removed without cause prior to the end of their current multi-year term);
- d. To ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2009; and
- e. To transact such other business as may properly come before the meeting or any adjournment or postponement of the meeting.

RECORD DATE You can vote if you were a shareholder of record at the close of business on June 3, 2009.

PROXY VOTING It is important that you vote your shares. You can vote your shares by completing and returning the proxy card sent to you. Most shareholders have the option of voting through the internet or by telephone. Please refer to your proxy card to determine if there are other voting options available to you. You can revoke a proxy at any time prior to its exercise at the meeting by following the instructions in the accompanying proxy statement.

This notice and the enclosed proxy statement are first being made available to our shareholders on or about June \_\_\_\_, 2009.

Timothy S. Susanin  
Senior Vice President, General Counsel and  
Secretary

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IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE ANNUAL  
MEETING OF SHAREHOLDERS TO BE HELD ON JULY 30, 2009:

This proxy statement and our annual report to shareholders are available on our  
website at <http://www.wellcare.com/2009shareholdermeeting>

Tampa, Florida  
June \_\_, 2009

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WELLCARE HEALTH PLANS, INC.

8735 Henderson Road  
Tampa, Florida 33634

Proxy Statement for Annual Meeting  
To Be Held July 30, 2009

INTRODUCTION

This proxy statement is being furnished to shareholders of WellCare Health Plans, Inc., a Delaware corporation, in connection with the solicitation of proxies by our Board of Directors for use at our annual meeting of shareholders to be held on July 30, 2009, at 10:00 a.m. Eastern Time, at the Grand Hyatt Tampa Bay, 2900 Bayport Drive, Tampa, Florida 33607, and any adjournment or postponement of the meeting. This proxy statement is dated June \_\_\_\_, 2009 and is first being made available to shareholders on or about June \_\_\_\_, 2009.

REDUCE PRINTING AND MAILING COSTS

If you share the same last name with other shareholders living in your household, you may receive only one copy of our proxy statement and 2008 annual report. Please see the section entitled “Multiple Shareholders Having the Same Address” at the end of this proxy statement for more information on this important initiative to reduce printing and mailing costs.

You may help us reduce printing and mailing costs further by opting to receive future proxy materials by e-mail. Please see the response to the question “Can I access the proxy materials on the internet?” below for more information on electronic delivery of proxy materials.

ABOUT THE MEETING

What is the purpose of the annual meeting?

At the annual meeting, shareholders will be asked to consider and vote upon four proposals: (a) to elect seven Directors; (b) to approve and adopt an amendment to our certificate of incorporation to declassify our Board of Directors ; (c) to approve and adopt an amendment to our certificate of incorporation to provide that Directors may be removed with or without cause (except for Class III Directors serving the remaining portion of a multi-year term, who, if the amendment is approved and adopted, could not be removed without cause prior to the end of their current multi-year term); and (d) to ratify the appointment of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2009. You will also be asked to vote on such other business as may properly come before the meeting or any adjournment or postponement of the meeting. In addition, management will report on our performance and respond to your questions.

Who is entitled to vote at the meeting?

Only shareholders of record at the close of business on June 3, 2009, the date our Board of Directors fixed as the record date for determining holders of issued and outstanding shares of our common stock, par value \$0.01 per share,

are entitled to notice of and to vote at the annual meeting.

What constitutes a quorum and why is one required?

The presence at the meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of our common stock issued and outstanding on the record date will constitute a quorum for the transaction of business at the annual meeting. A quorum is required by law for any action to be taken at the annual meeting. As of the record date, there were 42,227,869 shares of common stock issued and outstanding.

Abstentions, withhold votes and broker non-votes are counted for purposes of determining the number of shares considered to be present or represented at the meeting for purposes of determining quorum, but will not be considered cast on a matter. A broker non-vote occurs when a broker or nominee, holding shares in street name for the beneficial owner, has not received voting instructions from the beneficial owner and either does not have discretionary authority to vote on the matter or has such discretionary authority but does not vote on the matter.

How do I vote?

If you complete and properly sign and return the accompanying proxy card in time for the meeting, it will be voted as you direct. If you are a registered shareholder and attend the meeting, you may deliver your completed proxy card in person. If your shares are held by a broker in street name and you wish to vote at the meeting in person or by proxy, you must obtain a proxy from your broker to evidence your ownership and voting rights.

Can I vote by telephone or electronically?

You may vote by telephone or electronically through the internet by following the instructions included on your proxy card. We encourage you to vote by telephone or through the internet because such votes are less costly for us to collect and tally. The deadline for voting by telephone or through the internet is 1:00 a.m., Eastern Time, on July 30, 2009.

How many votes do I have?

Each share of common stock is entitled to one vote. The enclosed proxy card shows the number of shares of common stock that you are entitled to vote.

Can I change my vote?

Unless your proxy specifies otherwise, proxies will be voted: (a) FOR the election of the nominated Directors; (b) FOR the amendment to our certificate of incorporation to declassify our Board of Directors; (c) FOR the amendment to our certificate of incorporation to provide that Directors may be removed with or without cause (except for Class III Directors serving the remaining portion of a multi-year term, who, if the amendment is approved and adopted, could not be removed without cause prior to the end of their current multi-year term); (d) FOR the ratification of Deloitte & Touche LLP as our independent registered public accounting firm for fiscal year 2009; and ( e ) otherwise in the discretion of the proxies as to any other matter that may come before the annual meeting or any adjournment or postponement of the meeting.

Any shareholder who has given a proxy has the power to revoke such proxy at any time before it is voted either: (a) by filing a written revocation or a duly executed proxy bearing a later date with Timothy S. Susanin, our secretary, at WellCare Health Plans, Inc., 8735 Henderson Road, Tampa, Florida 33634; (b) by appearing at the annual meeting and voting in person; or (c) by re-voting by telephone or on the internet. Attendance at the annual meeting will not in and of itself constitute the revocation of a proxy. Voting by those present during the conduct of the annual meeting will be by ballot.

How will my votes be counted?

One or more inspectors of election will count and tabulate all votes at the annual meeting.

What vote is required to approve each proposal?

Proposal One – Election of Directors. The affirmative vote of a plurality of the votes of the shares present by person or represented by proxy at the meeting and entitled to vote in the election of Directors is required to elect a Director nominee. Withhold votes and broker non-votes will not be treated as voting on this proposal and, accordingly, will have no affect on the outcome of the vote. There is no cumulative voting for Directors.

Proposal Two – Amendment of Certificate of Incorporation To Provide For Annual Election Of All Directors. The affirmative vote of the holders of at least  $66 \frac{2}{3}$  percent of the voting power of all shares entitled to vote generally in the election of Directors, voting together as a single class, is required to approve Proposal Two. Because the number of votes required to pass this proposal is  $66 \frac{2}{3}$  percent of the number of shares entitled to vote, rather than the number of shares actually present and voting, abstentions and broker non-votes will be votes not cast for this proposal and would therefore have the same effect as votes against this proposal. Proposals Two and Three are cross-conditioned on each other. If either Proposal Two or Proposal Three is not approved, then neither proposal will be approved.

Proposal Three – Amendment of Certificate of Incorporation To Provide That Directors May Be Removed With Or Without Cause. The affirmative vote of the holders of at least 66 2/3 percent of the voting power of all shares entitled to vote generally in the election of Directors, voting together as a single class, is required to approve Proposal Three. Because the number of votes required to pass this proposal is 66 2/3 percent of the number of shares entitled to vote, rather than the number of shares actually present and voting, abstentions and broker non-votes will be votes not cast for this proposal and would therefore have the same effect as votes against this proposal. Proposals Two and Three are cross-conditioned on each other. If either Proposal Two or Proposal Three is not approved, then neither proposal will be approved.

Proposal Four – Ratification of Appointment of Independent Registered Public Accounting Firm. The affirmative vote of the holders of a majority of the shares of common stock represented in person or by proxy and entitled to vote at the meeting is required to approve this proposal. Abstentions will be counted as represented and entitled to vote and will therefore have the effect of a negative vote on this proposal. Broker non-votes will not be treated as voting on this proposal and, accordingly, will have no affect on the outcome of this vote.

We will post the results of the voting on our website at [www.wellcare.com](http://www.wellcare.com).

Can I access the proxy materials on the internet?

The Notice of Annual Meeting, Proxy Statement and 2008 Annual Report are available on our website at <http://www.wellcare.com/2009shareholdermeeting>. Instead of receiving future copies of these materials by mail, most shareholders can elect to receive an e-mail that will provide electronic links to them. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business.

If you are a shareholder of record you can enroll in the electronic proxy delivery service electronically by going to [www.investorvote.com](http://www.investorvote.com). If you hold your shares in a brokerage account, you may also have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by the institution that holds your shares regarding the availability of this service.

#### SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Who are the largest owners of our stock?

The table below sets forth certain information regarding beneficial owners known to us as of June 17 , 2009 of more than 5% of our outstanding shares of common stock. The ownership percentage is based on the number of shares reported by the applicable beneficial owner and the number of shares of our common stock outstanding as of June 17 , 2009.

Name and Address	Ownership	
	Common Stock	Percent (%)
Fairholme Capital Management, et al.(1) 4400 Biscayne Boulevard, 9th Floor Miami, FL 33137	8,313,407	19.7
Renaissance Technologies, et al. (2) 800 Third Avenue New York, NY 10022	2,857,200	6.8
Barclays Global Investors, et al.(3) 400 Howard Street San Francisco, CA 94105	2,306,969	5.5

- (1) This disclosure is based upon a Schedule 13G/A filed by Fairholme Capital Management, L.L.C. (“Fairholme”) and other affiliated entities with the SEC on February 17, 2009. Fairholme and the other affiliated entities reported shared voting and dispositive power as of December 31, 2008 as follows: (i) Fairholme, shared voting power as to 5,088,603 shares and shared dispositive power as to 8,025,777 shares; (ii) Bruce R. Berkowitz, sole voting and dispositive power as to 287,630 shares, shared voting power as to 5,088,603 shares and shared dispositive power as to 8,025,777 shares; and (iii) Fairholme Funds, Inc., shared voting and dispositive power as to 4,166,200 shares. We have not attempted to verify independently any of the information contained in the Schedule 13G/A.
- (2) This disclosure is based upon a Schedule 13G filed by Renaissance Technologies LLC (“Renaissance”) and James H. Simons (“Simons”) with the SEC on February 13, 2009. Renaissance and Simons reported sole voting and dispositive power as of December 31, 2008 as to 2,857,200 shares. We have not attempted to verify independently any of the information contained in the Schedule 13G.
- (3) This disclosure is based upon a Schedule 13G filed by Barclays Global Investors, N.A. (“Barclays”) and other affiliated entities with the SEC on February 5, 2009. Barclays and the other affiliated entities reported sole voting and dispositive power as of December 31, 2008 as follows: (i) Barclays, sole voting power as to 1,171,495 shares and sole dispositive power as to 1,397,117 shares; (ii) Barclays Global Fund Advisors, sole voting power as to 581,075 and sole dispositive power as to 816,712 shares; (iii) Barclays Global Investors, Ltd., sole voting power as to 19,090 shares and sole dispositive power as to 53,029 shares; (iv) Barclays Global Investors Japan Limited, sole voting and dispositive power as to 15,330 shares; (v) Barclays Global Investors Canada Limited, sole voting and dispositive power as to 24,781 shares; and (vi) Barclays Global Investors Australia Limited and Barclays Global Investors (Deutschland) AG, sole voting and dispositive power as to no shares. We have not attempted to verify independently any of the information contained in the Schedule 13G.

How much stock do our executive officers and Directors own?

The following table sets forth certain information with regard to the beneficial ownership of our common stock as of the close of business on June 17, 2009 by: (a) each Director; (b) each of the executive officers named in the Summary Compensation Table; and (c) all Directors and executive officers (including seven executive officers who are not named in the Summary Compensation Table) as a group.

Name	Common Stock (1)	Percent
David Gallitano	14,354	*
Robert Graham	17,260	*
Regina Herzlinger	46,959	*
Kevin Hickey	44,353	*
Alif Hourani	18,871	*
Ruben King-Shaw, Jr.	25,746	*
Christian Michalik	82,997	*
Neal Moszkowski	25,107	*
Charles G. Berg	380,799	*
Heath G. Schiesser	520,979	1.2
Todd S. Farha(2)	618,835 (5)	1.5
Thomas L. Tran	75,000	*
Paul L. Behrens(3)	197,977 (5)	*
Anil Kottoor(4)	— (5)	*
Adam T. Miller	64,605	*
Thomas F. O'Neil III	70,912	*
All Directors and Executive Officers as a Group (20 persons)	1,689,991	3.9

\* Less than one percent

- (1) Certain of our executive officers and Directors hold their shares in brokerage accounts where there may be a loan balance from time to time that is secured by all of the assets in the account, including shares of our common stock. Accordingly, even though there may be substantial assets in the account, the shares of our stock in these accounts could technically be sold in a margin sale.
- (2) Mr. Farha resigned his positions as chairman and as President and Chief Executive Officer effective January 25, 2008 and ceased employment with us on March 31, 2008.
- (3) Mr. Behrens resigned his positions as Senior Vice President and Chief Financial Officer effective January 25, 2008 and ceased employment with us on March 31, 2008.
- (4) Mr. Kottoor's employment was terminated effective December 19, 2008.
- (5) Based on information known to the Company.

How is beneficial ownership determined?

For purposes of the preceding table, "beneficial ownership" is determined in accordance with Rule 13d-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), pursuant to which a person or group of persons is deemed to have "beneficial ownership" of any common stock that such person or group has the right to acquire within 60 days after June 17, 2009. For purposes of computing the percentage of outstanding common stock beneficially owned by each person named above, any shares that such person has the right to acquire within 60 days after June 17, 2009 are deemed outstanding but such shares are not deemed to be outstanding for purposes of computing the percentage ownership of any other person. Each person has sole voting and dispositive power with respect to all of



the shares of common stock shown as beneficially owned, subject to community property laws, where applicable. The table below provides additional detail regarding management's securities ownership.

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Name	Included				Excluded		
	Common Stock	Unvested Common Stock	Vested Stock Options	Stock Options that Vest within 60 Days	Stock Options that Vest in More than 60 Days	Restricted Stock Units that Vest in More than 60 Days	Performance Shares that Vest in More than 60 Days
David Gallitano	—	14,354	—	—	—	—	—
Robert Graham	2,777	—	14,483	—	—	—	—
Regina Herzlinger	18,331	—	28,628	—	—	—	—
Kevin Hickey	26,063	—	18,290	—	—	—	—
Alif Hourani	581	—	18,290	—	—	—	—
Ruben King-Shaw, Jr.	15,081	—	10,665	—	—	—	—
Christian Michalik	31,050	—	51,947	—	—	—	—
Neal Moszkowski	10,822	—	14,285	—	—	—	—
Charles G. Berg	80,799	75,000	187,500	37,500	75,000	—	—
Heath G. Schiesser	101,904	175,709	217,543	25,823	324,675	—	—
Todd S. Farha	618,835	—	—	—	—	—	130,000 (1)
Thomas L. Tran	—	50,000	—	25,000	75,000	8,232	—
Paul L. Behrens	197,977	—	—	—	—	—	—
Anil Kottoor	—	—	—	—	—	—	—
Adam T. Miller	13,732	14,054	35,409	1,410	80,458	10,681	—
Thomas F. O'Neil III	8,412	37,500	25,000	—	75,000	13,109	—
All Directors and Executive Officers as a Group (20 persons)	329,755	479,928	774,889	105,419	1,007,505	72,535	130,000

- (1) Pursuant to an award agreement dated June 6, 2005, Mr. Farha was eligible to receive a maximum of 130,000 shares of our common stock based upon the achievement of certain performance criteria. Specifically, Mr. Farha was eligible to earn, if any shares, a (i) threshold of 32,500 shares, (ii) target of 65,000 shares, or (iii) a maximum of 130,000 shares on June 6, 2008 based on the achievement of compounded annual percentage increases in diluted net income per share over the three-year period measured from January 1, 2005 through December 31, 2007. It has not yet been determined whether Mr. Farha has earned any of these shares. See “Potential Payments to Named Executive Officers upon Termination or Change in Control” above for a discussion of Mr. Farha’s separation agreement and the treatment of these shares.



## PROPOSAL NUMBER ONE – ELECTION OF DIRECTORS

### Background to Proposal Number One

Our certificate of incorporation currently provides for a Board of Directors divided into three classes, as nearly equal in number as the then total number of Directors constituting the entire Board permits, with the term of office of one class expiring each year at the annual meeting of shareholders. Each class of Directors is currently elected for a term of three years.

The Board of Directors presently consists of ten persons: Charles G. Berg, David J. Gallitano, D. Robert Graham, Regina E. Herzlinger, Kevin F. Hickey, Alif A. Hourani, Ruben Jose King-Shaw, Jr., Christian P. Michalik, Neal Moszkowski and Heath G. Schiesser. On January 25, 2008, the Board, acting upon the recommendation of the Nominating and Corporate Governance Committee, appointed Messrs. Schiesser and Berg to serve as Directors. On March 23, 2009, the Board, acting upon the recommendation of the Nominating and Corporate Governance Committee, appointed Mr. Gallitano to serve as a Director. Therefore, Messrs. Schiesser, Berg and Gallitano are being considered for election by the shareholders for the first time at our 2009 annual meeting. The Board of Directors currently has two vacancies. The Nominating and Corporate Governance Committee and management are currently assessing the need for and possible candidates to fill these vacancies.

The term of the current Class I Directors (comprised of Messrs. Gallitano, Hickey and Schiesser and Dr. Herzlinger) was to expire at our 2008 annual meeting of shareholders (the “2008 Annual Meeting”); the term of the Class II Directors (comprised of Messrs. Graham, King-Shaw and Michalik) will expire at our 2009 annual meeting of shareholders (the “2009 Annual Meeting”); and the term of the Class III Directors (comprised of Messrs. Berg, Hourani and Moszkowski) will expire at our 2010 annual meeting of shareholders (the “2010 Annual Meeting”). Because we did not hold the 2008 Annual Meeting, Class I Directors were not elected in 2008 and, accordingly, the successors to the Class I Directors will be elected and qualified at the 2009 Annual Meeting.

### Relationship of Proposal One to Proposals Two and Three

As discussed below, pursuant to Proposals Two and Three, the shareholders are being asked to approve and adopt amendments to our certificate of incorporation to declassify our Board of Directors and to provide that Directors may be removed with or without cause (except for Class III Directors currently serving the remaining portion of a multi-year term, who, if the amendment is approved and adopted, could not be removed without cause prior to the end of their current multi-year term). Because both the Class I and Class II Directors are up for election at the 2009 Annual Meeting, if they are elected and the proposed amendments to our certificate of incorporation are approved, the Class I and Class II Directors will be up for election for one-year terms at the 2009 Annual Meeting. However, if the proposed amendments are not approved, the Class I Directors (if elected) will serve for a two-year term to expire at our 2011 annual meeting of shareholders (the “2011 Annual Meeting”) and the Class II Directors (if elected) will serve for a three-year term to expire at our 2012 annual meeting of shareholders (the “2012 Annual Meeting”).

### Class I Director Nominees

The Board of Directors proposes that David J. Gallitano, Regina E. Herzlinger, Kevin F. Hickey and Heath G. Schiesser be elected to serve as Class I Directors. The Board proposes that each of the Directors serve (i) for a one-year term to expire at the 2010 Annual Meeting, if Proposal Two and Proposal Three are approved by the shareholders or (ii) for a two-year term to expire at the 2011 Annual Meeting, if Proposal Two and Proposal Three are not approved by the shareholders. Unless a shareholder WITHHOLDS AUTHORITY, the holders of proxies representing shares of common stock will vote FOR the election of David J. Gallitano, Regina E. Herzlinger, Kevin F.

Hickey and Heath G. Schiesser as Class I Directors. All of these nominees have informed the Board of Directors that they are willing to serve as Directors. The Board of Directors has no reason to believe that any nominee will decline or be unable to serve as a Director. However, if a nominee shall be unavailable for any reason, then the proxies may be voted for the election of such person as may be recommended by the Board of Directors.

#### Class II Director Nominees

The Board of Directors proposes that D. Robert Graham, Ruben Jose King-Shaw, Jr. and Christian P. Michalik be elected to serve as Class II Directors. The Board proposes that each of the Directors serve (i) for a one-year term to expire at the 2010 Annual Meeting, if Proposal Two and Proposal Three are approved by the shareholders or (ii) for a three-year term to expire at the 2012 Annual Meeting, if Proposal Two and Proposal Three are not approved by the shareholders. Unless a shareholder WITHHOLDS AUTHORITY, the holders of proxies representing shares of common stock will vote FOR the election of D. Robert Graham, Ruben Jose King-Shaw, Jr. and Christian P. Michalik. All of these nominees have informed the Board of Directors that they are willing to serve as Directors. The Board of Directors has no reason to believe that any nominee will decline or be unable to serve as a Director. However, if a nominee shall be unavailable for any reason, then the proxies may be voted for the election of such person as may be recommended by the Board of Directors.

The affirmative vote of a plurality of the votes of the shares present by person or represented by proxy at the meeting and entitled to vote in the election of Directors is required to elect a nominee.

THE BOARD OF DIRECTORS RECOMMENDS THAT THE SHAREHOLDERS VOTE "FOR"  
THE ELECTION OF DAVID J. GALLITANO, REGINA E. HERZLINGER,  
KEVIN F. HICKEY, HEATH G. SCHIESSER, D. ROBERT GRAHAM,  
RUBEN JOSE KING-SHAW, JR. AND CHRISTIAN P. MICHALIK

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## BOARD OF DIRECTORS

### Certain Information Regarding Our Directors

The following is certain information regarding our Directors and their ages as of June 5, 2009:

#### Nominees

##### Class I

David J. Gallitano (age 61) has been a member of our Board since March 2009. Mr. Gallitano has been President of Tucker, Inc., a private investment and consulting firm, since 2002. Prior to that, Mr. Gallitano was the Chairman and Chief Executive Officer of APW, Ltd., a manufacturer of specialized industrial products and provider of related services, from 2003 to 2005. From 1993 to 2002, Mr. Gallitano served as Chairman and Chief Executive Officer of Columbia National Inc., a mortgage banking company. From 1986 to 1993 Mr. Gallitano was the Executive Vice President, Principal Transactions Group, for PaineWebber Incorporated. From 1982 to 1986 Mr. Gallitano was with General Electric Corporation, first as Vice President, Strategic Planning and Business Development for General Electric Credit Corporation and then as President and Chief Executive Officer of General Electric Mortgage Capital Corporation. Mr. Gallitano was a consultant with McKinsey & Company from 1975 to 1982 and he served as an electronics specialist with the United States Air Force from 1966 to 1970. Mr. Gallitano currently serves on the board of directors of The Hanover Insurance Group, Inc., a provider of a variety of commercial and personal insurance products, where he also serves on the audit committee of the board. Mr. Gallitano holds a Bachelor of Business Administration from The George Washington University and a Master of Business Administration from the University of Chicago.

Regina E. Herzlinger (age 65) has been a member of our Board since August 2003. Dr. Herzlinger is the Nancy R. McPherson Professor of Business Administration at the Harvard Business School and has been teaching at Harvard since 1971. Dr. Herzlinger serves as a director of a privately-held company. Dr. Herzlinger received her undergraduate degree from the Massachusetts Institute of Technology and her Doctorate from Harvard Business School.

Kevin F. Hickey (age 57) has been a member of our Board since November 2002. Since January 2008, Mr. Hickey has served as Principal of HES Advisors, a strategic advisory firm serving the health care, health care technology and life sciences industries. Mr. Hickey also currently serves as a Senior Advisor to Verisk, Inc., a company specializing in health care predictive analytics. From January 2006 to December 2007, Mr. Hickey served as President of D2Hawkeye, Inc. (now a part of Verisk, Inc.). From October 1998 until January 2005, Mr. Hickey served as the Chairman and Chief Executive Officer of IntelliClaim, Inc., a privately-held application service provider that provides insurance payors with capabilities for enhancing claim processing efficiency and productivity. From September 1997 until August 1998, Mr. Hickey was Executive Vice President of Operations and Technology for Oxford Health Plans, Inc. Mr. Hickey also serves as a director of a privately-held company. Mr. Hickey received his undergraduate degree from Harvard University, a Master in Health Services Administration from the University of Michigan and a Juris Doctorate from Loyola College of Law.

Heath G. Schiesser (age 41) has served as our President and Chief Executive Officer and as a member of our Board since January 2008. Mr. Schiesser originally joined WellCare in 2002 as Senior Vice President of Marketing and Sales. From January 2005 to July 2006, Mr. Schiesser also served as President of WellCare Prescription Insurance. From July 2006 to January 2008, Mr. Schiesser served as Senior Advisor to WellCare. Prior to joining WellCare, Mr. Schiesser worked at the management consulting firm of McKinsey & Company, co-founded an online pharmacy for Express Scripts, and worked in the development of new ventures. A graduate of Trinity University, Mr.

Schiesser received a Master of Business Administration from Harvard University.

Class II

D. Robert Graham (age 72) has been a member of our Board since April 2007. Senator Graham is currently Chair of the Board of Oversight of the Bob Graham Center for Public Service, a political and civic leadership center at the University of Florida and the University of Miami. From September 2005 until June 2006, Senator Graham served a one-year term as a senior Fellow at Harvard University's John F. Kennedy School of Government. From January 1987 to January 2005, he served in the United States Senate. From January 1979 to January 1987 Senator Graham was the Governor of the State of Florida. Senator Graham received his Bachelor of Arts degree from the University of Florida and his Bachelor of Laws degree from Harvard Law School.



Ruben José King-Shaw, Jr. (age 47) has been a member of our Board since August 2003. Since September 2008, Mr. King-Shaw has served as Chief Executive Officer of All-Med Services of Florida, Inc., a durable medical supplies, respiratory therapy and infusion pharmacy. Mr. King-Shaw has served as Chairman and Chief Executive Officer of Mansa Equity Partners Inc., a private equity investment and advisory firm specializing in the health care sector, since July 2006. From October 2004 until June 2006, Mr. King-Shaw was a partner of Pine Creek Healthcare Capital, LLC and from February 2004 until February 2005, he served as President of United Biosource. Mr. King-Shaw served as Senior Advisor to the Secretary of the Department of the Treasury from January 2003 to June 2003. From July 2001 to April 2003, Mr. King-Shaw served as Chief Operating Officer and Deputy Administrator of the federal government's Centers for Medicare & Medicaid Services. Prior to that, from January 1999 to July 2001, he served as Secretary of the Agency for Health Care Administration of the State of Florida. Mr. King-Shaw serves as a director of several privately-held companies. Mr. King-Shaw received his undergraduate degree from Cornell University and a Master of Business Administration and a Master in Health Services Administration from Florida International University.

Christian P. Michalik (age 40) has been a member of our Board since May 2002. Since July 2004, Mr. Michalik has served as Managing Director of Kinderhook Industries, a private equity investment firm. Previously he was a partner in Soros Private Equity Partners LLC, the private equity investment business of Soros Fund Management LLC, from January 1999 through December 2003. From 1997 to 1998, Mr. Michalik was an investment manager with Capital Resource Partners, a private equity investment firm. From 1995 to 1996, Mr. Michalik was an associate at Colony Capital, a real estate investment firm. Mr. Michalik serves as a director of several privately-held companies. Mr. Michalik received his undergraduate degree from Yale University and a Master of Business Administration from Harvard Business School.

#### Directors continuing in office

Charles G. Berg (age 51) has served as our Executive Chairman and as a member of our Board since January 2008. Mr. Berg also served as senior advisor to Welsh, Carson, Anderson & Stowe, a private equity firm from January 2007 until April 2009. From July 2004 to September 2006, Mr. Berg served as an executive of UnitedHealth Group. From April 1998 to July 2004, Mr. Berg held various executive positions with Oxford Health Plans, Inc., which included Chief Executive Officer from November 2002 to July 2004, President and Chief Operating Officer from March 2001 to November 2002, and Executive Vice President, Medical Delivery, from April 1998 to March 2001. Mr. Berg serves as a director of DaVita, Inc. Mr. Berg received his undergraduate degree from Macalester College and a Juris Doctorate from the Georgetown University Law Center.

Alif A. Hourani (age 56) has been a member of our Board since August 2003. Since 1997, Mr. Hourani has served as Chairman and Chief Executive Officer, currently as Executive Chairman, of Pulse Systems, Inc., a practice management and clinical records software company. From 1987 to 1997, Mr. Hourani held various positions, including Chief Executive Officer of Physician Corporation of America/Data Systems, Senior Vice President of Management Information Systems of Physician Corporation of America and Manager of Computer Engineering at the Wolf Creek Nuclear Operating Corporation. Mr. Hourani serves as a director of the Kansas Heart Hospital. Mr. Hourani received his undergraduate degree from the University of Lyon and a Master of Science degree and Doctorate from the University of Strasbourg.

Neal Moszkowski (age 43) has been a member of our Board since May 2002, serving as chairman from May 2002 through October 2006. Since April 2005, Mr. Moszkowski has been Co-Chief Executive Officer of TowerBrook Capital Partners LP, a private equity investment company. Prior to joining TowerBrook, Mr. Moszkowski was Managing Director and Co-Head of Soros Private Equity Partners LLC, the private equity investment business of Soros Fund Management LLC, where he served since August 1998. From August 1993 to August 1998, Mr. Moszkowski served as Vice President and Executive Director in the Principal Investment area for Goldman, Sachs &

Co. and Affiliates. Mr. Moszkowski serves as a director of Bluefly, Inc., Integra LifeSciences Holdings Corporation and Spheris, Inc. as well as several privately-held companies. Mr. Moszkowski received his undergraduate degree from Amherst College and a Master of Business Administration from the Graduate School of Business of Stanford University.

#### EXECUTIVE OFFICERS

Rex M. Adams (age 47) has served as our Chief Operating Officer since September 2008. Prior to joining WellCare, Mr. Adams was the President and Chief Executive Officer of AT&T Incorporated's East Region, from January 2007 to March 2008. For the period prior to AT&T's acquisition of BellSouth, Mr. Adams was an officer of BellSouth Corporation from July 2001 to December 2006, serving in various leadership positions. During the merger transition period from February 2006 to December 2006, Mr. Adams served as Web Development Officer. From December 2004 to January 2006, Mr. Adams was the President of BellSouth Wholesale Services, and had similar responsibilities as President and Chief Executive Officer of AT&T East Region. From January 2004 to November 2004, Mr. Adams was Vice-President, Product Development and Management of BellSouth Corporation, where he was responsible for product profitability, development and commercialization. From July 2001 to November 2004, Mr. Adams was President of BellSouth Long Distance Services, where he was responsible for profit and loss and all areas of BellSouth's long distance business. From September 2007 to October 2008, Mr. Adams served on the board of trustees for Yale-New Haven Hospital, a premier teaching and research hospital, and as a member of its Finance and Audit Committee. Mr. Adams holds a B.S. from the United States Military Academy at West Point and a Masters of Business Administration from the Harvard Business School.

Walter W. Cooper (age 46) joined us in October 2006 as Senior Vice President of Strategic Initiatives. He currently holds the position of Senior Vice President of Marketing and Sales and has recently acted as the interim Senior Vice President of Human Resources and is currently acting as the interim Senior Vice President of Health Services. Prior to joining WellCare, Mr. Cooper served in senior-level positions with UnitedHealth Group, including positions as Senior Vice President of United Retiree Solutions, Vice President of Marketing and Product and Vice President of Strategic Initiatives for Specialized Care Services from November 2004 to September 2006. Mr. Cooper received his Bachelor of Science in Mechanical Engineering and his Masters in Business Administration degrees from Gannon University.

Michael L. Cotton (age 48) joined us in December 2005 and holds the position of President, South Division. Prior to joining the Company, Mr. Cotton was World Wide Partner and Managing Director for Mercer Human Resources Consulting from October 2001 to December 2005. Prior to joining Mercer, Mr. Cotton was President and Chief Executive Officer of Mid-Valley CareNet, a physician hospital organization, from November 1998 to October 2001. Mr. Cotton attended the Ohio State University and received his undergraduate degree from Franklin University and a Masters in Business Administration from Cleveland State University.

Alec Cunningham (age 42) joined us in January 2005. He has held several positions within the Company, including Vice President of Business Development, Senior Vice President of Government Relations, and currently President, Florida and Hawaii Division. Prior to joining us, Mr. Cunningham held several positions with WellPoint Health Networks, Inc. from September 1996 to December 2004, most recently Vice President of Business Development and Compliance. From August 1994 to September 1996, Mr. Cunningham worked for the Oklahoma Health Care Authority developing a statewide Medicaid managed care program. Mr. Cunningham received his undergraduate degree from Oklahoma State University and his Master in Business Administration from the University of Southern California.

Adam T. Miller (age 43) joined us in January 2006. He has held several positions within the Company, including currently Senior Vice President, National Medicare and Government Relations and previously President, National Medicare and Chief Operating Officer of our Medicare Prescription Drug Plan and Private Fee-For-Service businesses. From July 2001 to November 2005, Mr. Miller ran UnitedHealth Group's Arizona Medicaid program and a related Medicare Special Needs program. Earlier in his career, Mr. Miller was with General Electric in its Medical Systems business (GE Medical) in a series of strategy, business development and operational roles, from May 1997 to June 2001. In his last role at GE Medical, Mr. Miller served as Vice President and General Manager of its global Cardiology Systems division. Prior to joining GE Medical, Mr. Miller was with the Boston Consulting Group where he worked with clients in the pharmaceutical, managed care and medical device industries on issues of growth and profitability enhancement, from 1993 to 1997. Mr. Miller is a graduate of Harvard Business School and the Wharton School of Business at The University of Pennsylvania.

Thomas F. O'Neil III (age 52) was appointed our executive Vice Chairman on June 3, 2009. Prior to that, he served as our Senior Vice President, General Counsel and Secretary since April 2008. Prior to joining WellCare, Mr. O'Neil was a partner of the law firm DLA Piper US LLP and its predecessor from June 2002 through March 2008. From December 1995 to June 2002, Mr. O'Neil served as Vice President, Chief Litigation Counsel of MCI Communications Corp., Senior Vice President, Chief Counsel of MCI WorldCom, Inc. and General Counsel of The MCI Group. Earlier in his career Mr. O'Neil was a partner of the law firm of Hogan & Hartson LLP and he served as Assistant U.S. Attorney at the U.S. Department of Justice from March 1986 to December 1989. Mr. O'Neil received his A.B. from Dartmouth College and his Juris Doctorate from Georgetown University Law Center. Mr. O'Neil is a member of the Board of Regents of Georgetown University and the Board of Visitors of Georgetown University Law Center.

Daniel M. Parietti (age 46) joined us in September 2002 and has served in various capacities, currently as President, North Division. From September 2001 to January 2002 Mr. Parietti served as Chief Operating Officer of La Cruz

Azul de Puerto Rico, a Puerto Rican health plan. From May 2000 to September 2001, Mr. Parietti served as Vice President, Network and Delivery Systems Management for Health Net, Inc. From September 1993 to May 2000, Mr. Parietti worked in various leadership positions for Humana, Inc. Mr. Parietti received his undergraduate degree from the United States Military Academy at West Point, and a Masters in Business Administration from George Mason University.

Jonathan P. Rich (age 48) has served as our Senior Vice President and Chief Compliance Officer since August 2008. From July 2006 to July 2008, Mr. Rich was the General Counsel and Chief Compliance Officer for health insurer Aveta Inc. From 1998 to 2006, Mr. Rich was a senior executive at Oxford Health Plans, Inc. serving first as Vice President and Director of Litigation and Legal Affairs and later as Senior Vice President and General Counsel. From 1989 to 1998, Mr. Rich was an associate at the law firm of Simpson, Thacher & Bartlett in New York. Mr. Rich is a graduate of the University of North Carolina and Columbia University Law School.

Timothy S. Susanin (age 45) joined WellCare in November 2008 as our Vice President and Chief Counsel - Dispute Management. Since June 2009 Mr. Susanin has been our Senior Vice President, General Counsel and Secretary. Prior to joining WellCare, Mr. Susanin was with the Gibbons law firm from 2001 to October 2008, first as counsel and then as partner. Mr. Susanin was an Assistant U.S. Attorney for the District of Columbia and the Eastern District of Pennsylvania from 1992 to 1998 and an Associate Independent Counsel on the Whitewater investigation from 1998 to 2000. He also served in the U.S. Navy Judge Advocate General's Corps from 1988 to 1992. Mr. Susanin received his undergraduate degree from Franklin & Marshall College and his Juris Doctorate from the Villanova University School of Law.

Thomas L. Tran (age 52) has served as our Senior Vice President and Chief Financial Officer since July 2008. Prior to joining WellCare, Mr. Tran was the President, Chief Operating Officer and Chief Financial Officer of CareGuide, Inc., a publicly-traded population health management company, from June 2007 to June 2008. From July 2005 to June 2007, Mr. Tran was Senior Vice President and Chief Financial Officer of Uniprise, one of the principal operating businesses of UnitedHealth Group that manages health care benefits programs for employers. From December 1998 to July 2005, Mr. Tran served as Chief Financial Officer of ConnectiCare, Inc., an HMO based in Connecticut. Prior to ConnectiCare, Mr. Tran was Chief Financial Officer of Blue Cross Blue Shield of Massachusetts from May 1996 to July 1997, and Vice President of Finance and Controller of CIGNA HealthCare from February 1993 to May 1996. Mr. Tran holds a degree in accounting from Seton Hall University and a Masters of Business Administration in Finance from New York University.

#### Certain Legal Proceedings

As previously disclosed, in connection with government investigations, five putative shareholder derivative actions were filed between October 29, 2007 and November 15, 2007, naming as defendants certain of our current and former officers and Directors. The first two of these putative shareholder derivative actions, entitled *Rosky v. Farha, et al.* and *Rooney v. Farha, et al.*, respectively, are supposedly brought on behalf of the Company and were filed in the United States District Court for the Middle District of Florida. Two additional actions, entitled *Intermountain Ironworkers Trust Fund v. Farha, et al.*, and *Myra Kahn Trust v. Farha, et al.*, were filed in Circuit Court for Hillsborough County, Florida. All four of these actions are asserted against all Company directors (and former director Todd Farha) except for David Gallitano, D. Robert Graham, Heath Schiesser and Charles Berg and also name the Company as a nominal defendant. A fifth action, entitled *Irvin v. Behrens, et al.*, was filed in the United States District Court for the Middle District of Florida and asserts claims against all Company directors (and former director Todd Farha) except Heath Schiesser, David Gallitano and Charles Berg and against two former Company officers, Paul Behrens and Thaddeus Bereday. All five actions contend, among other things, that the defendants allegedly allowed or caused the Company to misrepresent its reported financial results, in amounts unspecified in the pleadings, and seek damages and equitable relief for, among other things, the defendants' supposed breach of fiduciary duty, waste and unjust enrichment. The three actions in federal court have been consolidated. Subsequent to that consolidation, an additional derivative complaint entitled *City of Philadelphia Board of Pensions and Retirement Fund v. Farha, et al.* was filed in the same federal court, but thereafter was consolidated with the existing consolidated action. A motion to consolidate the two state court actions, to which all parties consented, was granted, and plaintiffs filed a consolidated complaint on April 7, 2008. On October 31, 2008, amended complaints were filed in the federal court and the state court derivative actions. On December 30, 2008, the Company filed substantially similar motions to dismiss both actions, contesting,

among other things, the standing of the plaintiffs in each of these derivative actions to prosecute the purported claims in the Company's name. In an Order entered on March 30, 2009 in the consolidated federal action, the court denied the motions to dismiss the Second Amended Consolidated Complaint. On April 28, 2009, in the consolidated state action, the court denied the motions to dismiss the Second Amended Consolidated Complaint. On April 29, 2009, upon the recommendation of the Nominating and Corporate Governance Committee of the Company's Board of Directors, the Board adopted a resolution forming a Special Litigation Committee, comprised of a newly-appointed independent director, David J. Gallitano, to investigate the facts and circumstances underlying the claims asserted in the federal and state derivative cases and to take such action with respect to such claims as the Special Litigation Committee determines to be in the best interests of the Company. On May 1, 2009, the Special Litigation Committee filed in the consolidated federal action a motion to stay the matter until November 2009 to allow the Special Litigation Committee to complete its investigation, and following a hearing on May 14, 2009, the Court granted that motion and stayed the federal action. The Special Litigation Committee filed a substantially identical motion in the consolidated state action, and that motion remains pending. At this time, neither the Company nor any of its subsidiaries can predict the probable outcome of these claims. For more information related to the Special Litigation Committee, please see "Corporate Governance and Related Matters" below.

## CORPORATE GOVERNANCE AND RELATED MATTERS

### Corporate Governance Guidelines

The Board has developed and adopted Corporate Governance Guidelines to promote the functioning of the Board and its committees. Among other things, the corporate governance guidelines set forth criteria regarding Board member selection and qualification, establishment of committees and committee composition, executive sessions, management succession and director compensation. The guidelines also address the Board's expectations of each Director in furtherance of the Board's primary responsibility of exercising its business judgment in the best interests of the Company. In particular, the guidelines address meeting attendance and participation, other directorships and access to independent advisors as well as new director orientation. The Corporate Governance Guidelines also require that the Board conduct an annual performance evaluation to determine whether it and its committees are functioning effectively. The Corporate Governance Guidelines are available on our website at [www.wellcare.com](http://www.wellcare.com). Alternatively, any shareholder may request a print copy of our Corporate Governance Guidelines by contacting us as described in the section entitled "Requests for More Information" below.

### Director Independence

#### Independence Standards

Our Corporate Governance Guidelines provide that a majority of the members of our Board must meet the criteria of independence as required by the listing standards of the New York Stock Exchange (the "NYSE"). In addition, each member of the Board's Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee must be independent. No Director qualifies as independent unless the Board determines that the Director has no direct or indirect material relationship with the Company. The Board reviews the independence of its members by requiring that each member complete disclosure and independence questionnaires and by considering all transactions and relationships between each Director or any member of his or her immediate family and the Company and its subsidiaries. The purpose of this review is to determine whether any such relationships or transactions are inconsistent with a determination that the Director is independent. In making independence determinations, the Board applies the standards of the NYSE as follows, in addition to any other relevant facts and circumstances:

- A Director, who is, or has been within the last three years, an employee of the Company or any subsidiary, or whose immediate family member is, or has been within the last three years, an executive officer of the Company, is not independent until three years after the end of such employment relationship;
- A Director who has received, or has an immediate family member who has received, more than \$120,000 per year in direct compensation from the Company or any subsidiary, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 per year in such compensation;
- A Director is not independent if he or she: is a current partner or employee of the firm that is the internal or external auditor of the Company or any subsidiary; has an immediate family member who is a current partner of such firm; has an immediate family member who is a current employee of such firm and who personally worked on the Company's audit; was, or has, an immediate family member who was, within the last three years, a partner or employee of such firm and personally worked on the Company's audit within that time;
- A Director or an immediate family member who is, or has been within the last three years, employed as an executive officer of another company where any of our present executives at the same time serves or served on that company's compensation committee, is not independent until three years after the end of such service or the employment relationship; and
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A Director who, or whose immediate family member, is a current executive officer of a company that has made payments to, or received payments from, our Company or any of our subsidiaries for property or services in an amount which, in any of the last three fiscal years, exceeded the greater of \$1 million or 2% of such other company's consolidated gross revenues, is not independent until three years after such payments fall below such threshold.



In addition, the Exchange Act and the NYSE rules impose additional independence and qualification standards on our Audit Committee members. Under these standards, each Audit Committee member, in addition to meeting the definition of independence applicable to all Directors, is prohibited from having any direct or indirect financial relationship with the Company, and cannot be an affiliate of the Company or any subsidiary of the Company. The Board has determined that each member of the Audit Committee satisfies these additional standards.

#### Independent Directors

Under the standards set forth above, based upon recommendations from the Nominating and Corporate Governance Committee of the Board (the "Nominating Committee"), the Board has determined that seven of its current members, including each of the members of the Audit Committee, the Compensation Committee and the Nominating Committee, are independent. The members that the Board has determined are independent are Senator Graham, Dr. Herzlinger and Messrs. Gallitano, Hickey, Hourani, Michalik and Moszkowski.

In making this determination, the Board considered the recommendation of the Nominating Committee as well as the following relationships:

- Senator Graham and/or his immediate family members have an ownership interest of approximately 23% in The Graham Companies, the landlord under a lease agreement with one of our subsidiaries with respect to office space in south Florida. The Board concluded that this relationship did not impair Senator Graham's independence primarily because we have had a relationship with The Graham Companies for many years prior to Senator Graham becoming a member of our Board.
- Mr. Hickey is a senior advisor to D2Hawkeye, Inc., now a part of Verisk, Inc., a company where he previously served as President from January 2006 to December 2007. In February 2007, we entered into a services contract with D2Hawkeye pursuant to which D2Hawkeye has developed an internet-based portal for certain of our health care providers. The Board has reviewed the salient facts regarding this relationship, including compensation received from D2Hawkeye by Mr. Hickey, Mr. Hickey's former ownership interest in D2Hawkeye, amounts paid by us to D2Hawkeye, D2Hawkeye's revenues, the fact that D2Hawkeye has since been purchased by a larger company, Insurance Services Office, Inc. (ISO), and other facts. Following this review, our Board concluded that this relationship did not impair Mr. Hickey's independence under the standards set forth above. In particular, our payments to D2Hawkeye did not exceed the greater of \$1 million or 2% of D2Hawkeye's gross revenues in any year.
- Todd Farha, the Company's President and Chief Executive Officer until his resignation in January 2008, in the past had invested in several funds managed, directly or indirectly, by private equity firms affiliated with Messrs. Michalik and Moszkowski. In each case Mr. Farha's investment represented less than 1% of the funds' aggregate committed capital. Mr. Farha also had a small direct investment in a company in which Mr. Michalik's firm held a majority ownership interest. Based on a review of these circumstances, our Board determined that these relationships did not impair the independence of Messrs. Michalik and Moszkowski. In addition, Mr. Farha is a first cousin of Mr. Hourani. However, our Board determined that this relationship did not impair Mr. Hourani's independence.

#### Non-Independent Directors

Mr. King-Shaw has been the Chief Executive Officer of All-Med Services of Florida, Inc., or All-Med, since September 2008. Since December 2002, two of our subsidiaries have been parties to agreements with All-Med pursuant to which All-Med provides durable medical equipment to members of the Company's Florida health plans. Under these agreements, our subsidiaries paid All-Med an aggregate amount in 2008 that exceeded both \$1

million and 2% of All-Med's consolidated gross revenues. Therefore, the Board has determined that Mr. King-Shaw is not independent.

The Board determined that Messrs. Schiesser and Berg are not independent based on the fact that each also serves as an executive officer.

#### Board and Committee Meetings and Annual Meeting Attendance

During 2008, the Board of Directors held a total of 26 meetings. No incumbent Director attended fewer than 75% of the aggregate number of meetings of the Board held during the period in which the Director served on the Board and the number of meetings held by all committees of the Board on which the Director served during the periods in which he or she served.

As stated in our Corporate Governance Guidelines, we believe it is important for the members of our Board to attend the annual meeting of shareholders. The Corporate Governance Guidelines further provide that, to the extent reasonably practicable, we will endeavor to schedule a regular meeting of the Board on the same date as the annual meeting of shareholders. No current member of our Board attended our last annual meeting of shareholders in 2007.

#### Presiding Director

The Board has designated Mr. Hickey to preside over executive sessions of our non-management and independent Directors. In addition, Mr. Hickey has been designated the presiding Director for purposes of receiving communications from interested parties pursuant to the corporate governance rules of the NYSE and from shareholders pursuant to rules of the SEC. You may express your concerns, whether such concerns relate to accounting-related matters or otherwise, by contacting the presiding Director through the communication channels set forth in the section entitled "Communications with Directors" below.

#### Committees of the Board of Directors

The Board of Directors has established the following standing committees: Audit Committee, Compensation Committee, Nominating Committee, Regulatory Compliance Committee and Health Care Quality and Access Committee. The functions, responsibilities and members of each of these standing committees are described briefly below. Each of these committees operates pursuant to a charter which is posted on our website at [www.wellcare.com](http://www.wellcare.com). All members of the Audit Committee, the Compensation Committee and the Nominating Committee are independent Directors under our Director independence standards as described above and the corporate governance rules of the NYSE. In addition, all members of our Audit Committee are independent Directors under the SEC rules for Audit Committees and are financially literate under the NYSE corporate governance rules.

Our five standing committees are described below and the members of these committees are identified in the following table.

Director	Audit Committee	Compensation Committee	Nominating and Corporate Governance Committee	Regulatory Compliance Committee	Health Care Quality and Access Committee
Charles Berg				X	
David Gallitano		X	X		X
D. Robert Graham			X	X (chair)	X
Regina Herzlinger	X* (chair)				
Kevin Hickey			X (chair)	X	X
Alif Hourani	X	X			X
Ruben King-Shaw, Jr.					X (chair)
Christian Michalik	X*		X		
Neal Moszkowski		X (chair)			
Heath Schiesser					X

\*Dr. Herzlinger and Mr. Michalik are our “audit committee financial experts,” as defined in the Exchange Act, and each has accounting or related financial management expertise.

#### Audit Committee

The principal purpose of the Audit Committee is to assist the Board in the oversight of the integrity of our financial statements, our compliance with legal and regulatory requirements, the qualification and independence of our independent auditors and the performance of our internal audit function and independent auditors. The Audit Committee also appoints, reviews the plans and results of the audit engagement and compensates and oversees the engagement and provision of services by our independent auditors. The Audit Committee pre-approves all audit, audit-related, tax and other services conducted by our independent auditors. The Audit Committee also coordinates with our Regulatory Compliance Committee and Health Care Quality and Access Committee regarding regulatory compliance and quality measurement matters that may have an effect on our business, financial statements, compliance policies or internal audit function. The Audit Committee held 18 meetings during 2008.

Dr. Herzlinger, Mr. Hourani and Mr. Michalik currently serve as the members of the Audit Committee, with Dr. Herzlinger serving as chairperson. The Board has determined that each of the members of the Audit Committee is financially literate and that each of Dr. Herzlinger and Mr. Michalik is an “audit committee financial expert” as such term is defined under Item 407(d) of SEC Regulation S-K. All members of the Audit Committee meet the independence requirements prescribed by the NYSE and the Audit Committee independence requirements prescribed by the SEC.

#### Nominating and Corporate Governance Committee

The Nominating Committee is responsible for developing our Corporate Governance Guidelines and for recommending those guidelines to the Board for adoption. The Nominating Committee is also responsible for periodically reviewing the composition of the full Board to determine whether additional Board members with different qualifications or areas of expertise are needed and making recommendations to the Board regarding the size, composition and functions of the Board and its committees. The Nominating Committee identifies and reviews the qualifications of new Director nominees consistent with selection criteria established by the Board and recommends the slate of nominees for inclusion in the proxy statement. The Nominating Committee’s process for selecting nominees to the Board is described in more detail below under “Nominating and Corporate Governance Committee’s Process for Selecting Nominees to the Board.” The Nominating Committee is also responsible for overseeing the periodic evaluation of the performance of the Board and its committees, for considering questions of independence and possible conflicts of interest of members of the Board and executive officers and for ensuring we are compliant with NYSE corporate governance listing requirements. The Nominating Committee held two meetings during 2008.

#### Compensation Committee

The Compensation Committee provides oversight and guidance for compensation and benefit programs for our associates, executive officers and Board of Directors, reviews and approves the compensation, including base salary and incentive awards and other significant terms of employment, for our executive officers and reviews and make recommendations with respect to incentive compensation plans, equity-based plans and Board compensation. The Compensation Committee reviews and discusses the Compensation Discussion and Analysis, or the “CD&A,” with management and makes a recommendation to the Board for inclusion of the CD&A in our proxy statement. The Compensation Committee also reviews and approves performance goals and objectives (both at the corporate and individual level) applicable to our named executive officers’ compensation (including our Chief Executive Officer), evaluates the named executive officers’ performance in light of those goals and objectives and has sole authority to determine the named executive officers’ compensation based on this evaluation. The Compensation Committee held 12 meetings during 2008.

Under its charter, the Compensation Committee has the authority to obtain advice and assistance from any officer or employee of the Company or from any outside legal expert or other advisor. Pursuant to this authority, the Compensation Committee has engaged Watson Wyatt Worldwide, or Watson Wyatt, as its compensation consultant.

In connection with our annual associate review and evaluation process, incentive compensation decisions for our executive officers, including the named executive officers, are generally made by the Compensation Committee in early March and are largely based on prior fiscal year Company and individual performance. For example, in March of a given year, the following decisions are typically made by the Compensation Committee for our executive officers: base salary adjustments; annual cash bonus awards related to prior fiscal year performance based on targets established in the prior fiscal year; long-term incentive awards based on targets established in the prior fiscal year; new annual cash bonus targets; and new long-term incentive targets. Annual cash bonuses and long-term incentive awards are discretionary (except as might otherwise be required by an executive’s employment agreement) and are based on targets that are increased or decreased for overall Company performance and individual performance, each

as subjectively determined by the Compensation Committee after receiving recommendations from our Chief Executive Officer for his direct reports.

The Compensation Committee generally reviews the compensation being paid to the members of the Board of Directors on an annual basis. The Compensation Committee works closely with the Chief Executive Officer as well as Watson Wyatt when evaluating committee fees (both annual retainer and meeting fees) as well as the value of equity awards, if any, to be awarded to our Board members.

Additional information on executive compensation programs, including the respective roles of the Compensation Committee, the Chief Executive Officer and Watson Wyatt, is provided in the CD&A in this proxy statement.

### Regulatory Compliance Committee

The principal purpose of the Regulatory Compliance Committee is to assist the Board in overseeing our regulatory compliance program, including: (i) compliance with federal and state laws, rules and regulations applicable to our business; and (ii) compliance with our corporate ethics and compliance program and related policies by our employees, officers and Directors. The Regulatory Compliance Committee held one meeting during 2008.

### Health Care Quality and Access Committee

The principal purpose of the Health Care Quality and Access Committee is to assist the Board by providing general oversight of our policies and procedures governing health care quality and access for our members. In furtherance of this purpose, the Health Care Quality and Access Committee's primary responsibilities are to (i) establish and maintain the corporate definition of health care quality and access and (ii) develop, review and approve our health care quality and access strategy. The Health Care Quality and Access Committee held three meetings during 2008.

### Special Committee and Special Litigation Committee

In addition to the above-described standing committees, the Board has established a Special Committee and a Special Litigation Committee. In connection with the previously disclosed government investigations, the Special Committee was formed in October 2007 to investigate independently and otherwise assess the facts and circumstances raised in any federal or state regulatory or enforcement inquiries (including, without limitation, any matters relating to accounting and operational issues) and in any private party proceedings, and to develop and recommend remedial measures to the Board for its consideration. The members of the Special Committee are Neal Moszkowski (Chair), Christian Michalik and Ruben King-Shaw, Jr. During 2008, the Special Committee met 12 times. In addition, on April 29, 2009, upon the recommendation of the Nominating Committee, the Board formed a Special Litigation Committee, comprised of a newly-appointed independent Director, to investigate the facts and circumstances underlying the claims asserted in the federal and state derivative suits and to take such action with respect to such claims as the Special Litigation Committee determines to be in the best interests of the Company. David Gallitano is the sole member of the Special Litigation Committee.

### Nominating and Corporate Governance Committee's Process for Selecting Nominees to the Board

The Nominating Committee considers candidates for Board membership who are suggested by its members and other Board members, as well as by management, shareholders and other interested parties. The Nominating Committee may also retain a third-party search firm to identify candidates from time to time. For example, the Nominating Committee retained a search firm to assist in identifying and assessing Mr. Gallitano as a candidate for our Board. Shareholders can recommend a prospective nominee for the Board by writing to our corporate secretary at our corporate headquarters and providing the information required by our bylaws, along with whatever additional supporting material the shareholder considers appropriate.

The Nominating Committee's assessment of a nominee's qualification for Board membership includes, among other things, the following criteria:

- The diversity, age, background and experience of the candidate;
- The personal qualities and characteristics, accomplishments and reputation in the community of the candidate;
- The knowledge and contacts of the candidate in the communities in which we conduct business and in our business industry or other industries relevant to our business;

- The ability and expertise of the candidate in various activities deemed appropriate by the Board; and
- The fit of the candidate's skills, experience and personality with those of other Directors in maintaining an effective, collegial and responsive Board.

The initial determination to seek a Board candidate is usually based on the need for additional Board members to fill vacancies or to expand the size of the Board, although the decision can also be based on the need for certain skill sets or qualifications, such as financial expertise. The Nominating Committee's process for evaluating nominees for Director is the same no matter who makes the recommendation.



Once the Nominating Committee has determined, in consultation with other Board members if appropriate, that additional consideration of a candidate is warranted, the Nominating Committee may, or it may request third parties to, gather additional information about the prospective candidate's background, experience and independence. Following review of this information, if the Nominating Committee determines it is appropriate to proceed, the Nominating Committee or other members of the Board will generally interview the prospective candidate. The Nominating Committee then evaluates the prospective nominee against the standards and qualifications set forth above and such other relevant factors that the Nominating Committee or the Board deems appropriate, including the current composition of the Board and the candidate's personal qualities, skills and characteristics.

Following this evaluation, if the Nominating Committee believes that the prospective candidate is qualified for nomination, generally the Nominating Committee will make a recommendation to the full Board, and the full Board will make the final determination whether the candidate should be appointed, or nominated for election, to the Board.

#### Related Person Transactions

We have a written policy for reviewing transactions between us and our executive officers, Directors and certain of their immediate family members and other related persons, including those required to be reported under Item 404 of Regulation S-K. Under this policy, the Nominating Committee must approve any transaction in which we participate that involves more than \$100,000 and in which a related person has a direct or indirect interest. Furthermore, related person transactions that involve executive compensation or compensation for the members of our Board must be approved by the Compensation Committee. Pursuant to our policy, we enter into a transaction with such related persons only if the transaction is on terms comparable to those that could be obtained in arm's length dealings with an unrelated third party and is otherwise fair to us.

As a member of our Board of Directors, Mr. King-Shaw is a related person under our policy. As discussed above, in September 2008, Mr. King-Shaw became the Chief Executive Officer of All-Med, a company with which two of our subsidiaries have contracted for the provision of durable medical equipment to members of the Company's Florida health plans. These agreements have been in place since 2002. Under these agreements, our subsidiaries paid All-Med an aggregate amount of approximately \$6.9 million in 2008. Because these agreements continued after Mr. King-Shaw became the Chief Executive Officer of All-Med, the Nominating Committee reviewed the agreements under our policy and ratified them after determining they were on terms comparable to those that could be obtained in an arm's length transaction and were fair to us. Mr. King-Shaw's compensation as Chief Executive Officer of All-Med is not conditioned on these agreements or otherwise directly related to them.

#### The Corporate Compliance Program

Under the direction of our Chief Compliance Officer, our General Counsel and the Board, we recently implemented a comprehensive new and enhanced corporate ethics and compliance program that includes structural enhancements, improved communications with and reporting to our regulators, a new employee training program, called iCare, a new Code of Conduct and Business Ethics (the "Code of Conduct") and improved policies and procedures. The corporate compliance program covers all aspects of our company and is designed to assist us with conducting our business in accordance with applicable federal and state laws and high standards of business ethics. The corporate compliance program applies to members of our Board, our officers and all of our associates. The following are several of the ways in which we have redesigned and enhanced our compliance program:

• **Formation of the Regulatory Compliance Committee.** As discussed above, our Board formed a Regulatory Compliance Committee to oversee our compliance activities and programs. This committee receives periodic reports from our Chief Compliance Officer and is responsible for oversight of management's corporate compliance committee, which is discussed below.

Appointment of the Chief Compliance Officer. Our Chief Compliance Officer reports directly to our Chief Executive Officer and the Regulatory Compliance Committee. The Chief Compliance Officer is responsible for monitoring regulatory reporting and regulatory communications, affiliated company arrangements, and political contributions and fund-raising, among other things.

**Reorganization of the compliance department.** We have separated the compliance function from our legal department and created a standalone compliance department under the supervision of our Chief Compliance Officer. In addition, under the leadership of our Chief Compliance Officer, the compliance department has been reorganized into the following units: Medicare, Medicaid, privacy and corporate compliance.

**Enhanced corporate compliance committee.** Our corporate compliance committee operates under a charter approved by the Board's Regulatory Compliance Committee. The reconstituted corporate compliance committee is chaired by our Chief Compliance Officer and comprised of other members of senior management, including our General Counsel, Chief Operating Officer and leaders of our Medicare and Medicaid businesses. The corporate compliance committee has recently introduced iCare, an improved corporate ethics and compliance program for all of our lines of business and corporate functions. In addition, the corporate compliance committee reviews areas of legal, regulatory and compliance risk throughout the Company and, under the oversight of the Regulatory Compliance Committee, is responsible for developing appropriate policies and procedures to address such risks.

**Communications with regulators.** We are implementing a comprehensive program to help us identify regulatory reporting issues and report such issues to the appropriate federal or state regulator. The program, which is administered under the supervision of our Chief Compliance Officer, is designed to ensure the reliability of the information we communicate to regulators. As part of this program, we have established an internal certification process relating to the data contained in, and preparation of, the reports that we file with regulators. In addition, we will audit sample reports we have filed with state regulators to confirm that they were prepared in compliance with applicable law and are otherwise accurate and complete.

**Effective compliance training.** iCare includes mandatory compliance training programs, or training modules, for all associates. So far, we have implemented a general compliance training module and a training module on fraud, waste and abuse, and intend to add new training modules from time to time. These training modules are designed to strengthen our associates' competency, independent judgment and identification of potential violations of applicable law or Company policy.

**Enhanced communication of non-retaliation policies and improved reporting channels.** As an integral part of the iCare program, we are re-emphasizing to all of our associates that any form of employee retaliation or retribution is prohibited and will result in disciplinary action, including possible termination. We are also continuing to encourage our associates to express concerns or report violations of which they have become aware or have observed. Associates may express concerns through a variety of channels, including an anonymous telephonic hotline, the Company's compliance intranet, or by contacting directly our Chief Compliance Officer or any member of our legal department.

**Enhancement of written policies and procedures.** We have adopted new or revised written policies and procedures to reflect a clear commitment to corporate integrity and compliance and a duty to report. As part of this process, earlier this year the Board adopted a new Code of Conduct, which replaced our previous standards of conduct. The Code of Conduct applies to all of our Directors and associates, including our Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. Collectively, these written policies will serve as guiding principles that emphasize, among other things, our commitment to financial reporting integrity.

Our Code of Conduct is available on our website at [www.wellcare.com](http://www.wellcare.com). We intend to disclose future amendments to, or waivers from, the provisions of the Code of Conduct, if any, made with respect to any of our Directors and executive officers on our website.

Communications with Directors

The Board has adopted procedures relating to communications sent to Directors to ensure that such communications are properly managed. Shareholders may contact our Lead Director, non-management members of our Board as a group, the full Board or any individual member of the Board, by writing to the following address:

[Name of Requested Recipient]  
WellCare Health Plans, Inc.  
8735 Henderson Road  
Tampa, Florida 33634  
Attn: Chief Compliance Officer

The communication should clearly identify the issue being raised, the name of the party initiating the communication and contact information for potential follow-up by the recipient.

In addition, our Board and Audit Committee have established separate procedures for the receipt, retention and treatment of communications related to accounting, internal accounting controls or auditing matters. Both the Director and the Audit Committee communication procedures are available on our website at [www.wellcare.com](http://www.wellcare.com). As described in more detail in the procedures as posted on our website, we generally will not forward to the Directors a communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or requests general information regarding WellCare.

The procedures regarding communicating with the Board and the Audit Committee supplement our Code of Conduct, which is discussed above in the section titled "The Corporate Compliance Program."

#### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires our officers and Directors, and persons who own more than 10% of our common stock, to file reports of ownership and changes in ownership with the SEC and NYSE. Officers, Directors and greater than 10% stockholders are required by the SEC to furnish us with copies of all Section 16(a) forms that they file.

Based solely on our review of the copies of such forms, or written representations from reporting persons that all reportable transactions were reported, we believe that all our executive officers, Directors and greater than 10% beneficial owners timely filed all reports they were required to file under Section 16(a) during the fiscal year 2008.

### DIRECTOR COMPENSATION AND RELATED INFORMATION

#### 2008 Director Compensation

In February 2008, the Board appointed Mr. Hickey as Lead Director. Further, in April 2008, the Board established a Regulatory Compliance Committee and a Health Care Quality and Access Committee. In recognition of these new committees and the appointment of a Lead Director, the Board approved the payment of an additional fee of \$10,000 per year to the Lead Director and the payment of an additional fee of \$2,500 per year for the chair, and \$2,000 per year for each non-chair member, of each of the Regulatory Compliance Committee and the Health Care Quality and Access Committee. In addition, the Board approved the payment of an additional fee of \$2,500 per year for the chair, and \$2,000 per year for each non-chair member of the Nominating Committee, the members of which did not previously receive additional fees for service on this committee. Neither Mr. Schiesser nor Mr. Berg, who are executive officers of the Company, receives additional compensation for his Board service.

The following table summarizes the fees paid to our Board and committee members as of April 2008:

Annual Board Fee	Annual Audit Committee Chair Fee	Annual Audit Committee Non-Chair Member Fee	Annual Special Committee Chair Fee	Annual Special Committee Non-Chair Fee	Annual Fee for Serving As the Chair of Other Committees(1)	Annual Fee for Serving as a Non-Chair Member of Other Committees(1)	Annual Lead Director Fee
\$ 37,500	\$ 10,000	\$ 5,000	\$ 90,000	\$ 60,000	\$ 2,500	\$ 2,000	\$ 10,000

- (1) These fees are for the Compensation Committee, the Nominating and Corporate Governance Committee, the Regulatory Compliance Committee and the Health Care Quality and Access Committee.

As discussed below under “Compensation Discussion and Analysis — Equity Award Process,” in July 2006, the Compensation Committee determined that all annual equity awards to Board members will be issued effective as of the date of the annual meeting of shareholders. Historically, we have granted equity awards to Board members upon their initial appointment or election to the Board as well as annually although we have not had a standard plan or program as to the number or type of equity awards granted to our non-employee Directors. We did not hold our 2008 annual meeting of shareholders, and consequently, no equity awards were made to the Directors during fiscal year 2008.

## 2009 Director Compensation

On March 23, 2009, the Board approved a new Non-Employee Director Compensation Policy (the “Director Compensation Policy”). The Director Compensation Policy is applicable to our non-employee Directors effective for the fiscal quarter commencing April 1, 2009. Similar to the compensation structure of our executives, our Board’s historical compensation was heavily weighted toward equity compensation. Following the commencement of the governmental investigations in October 2007 and the subsequent decline in our stock price, our Board determined it was necessary to analyze our Board compensation program. In addition to trying to balance the distribution of Board compensation between cash and equity, the Board also felt it was necessary to review our Board compensation practices in order to be able to attract new Board members and to bring such practices in-line with market standards. The Compensation Committee retained Watson Wyatt to conduct an analysis of compensation practices at comparable companies and make recommendations as to how to structure our Board compensation policy. The Director Compensation Policy was adopted based in part upon the Watson Wyatt analysis and recommendations.

Under the Director Compensation Policy, each non-employee Director earns an annual retainer and Board and committee fees as set forth below, paid on a quarterly basis at the end of the applicable quarter. Each non-employee member of the Board and its committees who serves during any portion of a quarterly period, shall be paid the full quarterly retainer and applicable fees.

The following table summarizes the standing fees paid to our Board and committee members as of April 2009:

Annual Board Fee	Annual Audit Committee Chair Fee	Annual Audit Committee Non-Chair Member Fee	Annual Special Committee Chair Fee	Annual Special Committee Non-Chair Fee	Annual Special Litigation Committee Fee	Annual Fee for Serving As the Chair of Other Committees(1)	Annual Fee for Serving as a Non-Chair Member of Other Committees(1)	Annual Lead Director Fee
\$ 50,000	\$ 20,000	\$ 12,000	\$ 90,000	\$ 60,000	\$ 90,000	\$ 12,000	\$ 8,000	\$ 15,000

(1) These fees are for the Compensation Committee, the Nominating Committee, the Regulatory Compliance Committee and the Health Care Quality and Access Committee.

In addition to the cash retainers described above, each non-employee Director receives \$2,000 for each meeting of the full Board attended in person, telephonically or by way of other remote or electronic means. In addition, unless otherwise determined by the Compensation Committee and subject to the Compensation Committee’s approval, each non-employee Director, other than a non-employee Director joining the Board at the annual shareholders meeting, receives an annual grant of restricted stock valued at approximately \$100,000 (based on the closing price on the date of grant), pursuant to and in accordance with the terms and provisions of a restricted stock agreement and the 2004 Equity Incentive Plan (the “2004 Equity Plan”). Unless otherwise determined by the Compensation Committee, all such annual grants are granted on the date of the Company’s annual meeting of shareholders and vest in full on the earlier of the first anniversary of the date of grant or the date of the next annual shareholder meeting. Further, unless otherwise determined by the Compensation Committee and subject to the Compensation Committee’s approval, newly elected or appointed non-employee members of the Board receive an initial grant of restricted stock valued at approximately \$150,000 (based on the closing price on the date of grant), pursuant to and in accordance with the terms and provisions of a restricted stock agreement and the 2004 Equity Plan. Such grants of restricted stock vest equally on

the first, second and third anniversary of the date of grant.

#### Other Components of Director Compensation

We pay all reasonable expenses incurred by Directors for attending Board and committee meetings, for certain director continuing education programs and related expenses and maintain directors and officers liability insurance. We do not provide a retirement plan or perquisites for our non-employee Directors. We have entered into indemnification agreements with each of our Directors in addition to the indemnification that is provided for in our certificate of incorporation and bylaws. These agreements, among other things, provide for the indemnification of expenses specified in the agreements, including attorneys' fees, judgments, fines and settlement amounts, incurred by the Directors in any action or proceeding arising out of their service as Directors for us, any of our subsidiaries or any other entity to which the Directors provide services at our request.



All of our Directors' unvested restricted stock awards and unvested stock options were issued under our 2004 Equity Plan, except for a portion of Mr. Michalik's stock options. The circumstances under which the vesting of equity awards under the 2004 Equity Plan will accelerate are described below under "Potential Payments to Named Executive Officers upon Termination or Change in Control."

Under the provisions of the new Director Compensation Policy described above, we awarded \$150,000, or 14,354 shares, of restricted stock to Mr. Gallitano upon his appointment to the Board and expect to award \$100,000 worth of restricted stock to each of the non-employee members of the Board on the date of our 2009 annual shareholders meeting.

#### Stock Ownership Guidelines

Under the new Director Compensation Policy, each non-employee Director is required to own shares of our common stock (the "Ownership Requirement") having a value (as described below) equal to the sum of three times the base annual retainer payable to each non-employee Director.

For purposes of determining ownership, the following will be included in determining whether a non-employee Director has satisfied the Ownership Requirement:

- One hundred percent (100%) of the value of shares of our common stock owned individually, either directly or indirectly, including vested and unvested restricted stock or restricted stock unit awards or shares acquired upon exercise of stock options; and
- Shares of our common stock owned jointly, or separately by a spouse, domestic partner and/or minor children, directly or indirectly.

No other rights to acquire shares of our common stock (including stock options or similar rights) shall be considered shares of our common stock owned for purposes of meeting the Ownership Requirements under the Director Compensation Policy.

For purposes hereof, the value of a share of the Company's common stock, including vested and unvested restricted stock and restricted stock units, shall be calculated on the last trading day of each calendar year based on the average closing price of our common stock during the prior year (a "Determination Date"). Any subsequent change in the value of the shares of our common stock during that year will not affect the amount of stock a non-employee Director should hold during that year under the policy. If the value of the shares of our common stock increases from year to year, each non-employee Director shall have one year in which to meet the Ownership Requirement.

In the event the annual retainer increases, each non-employee Director will have four years from the time of the increase to acquire any additional shares needed to satisfy the Ownership Requirement.

A non-employee Director shall have until the first Determination Date following the fourth anniversary of such non-employee Director's election or appointment to the Board or upon otherwise becoming a non-employee Director of the Board to satisfy the Ownership Requirement; provided, however, that a non-employee Director who was a non-employee Director of the Company as of April 1, 2009, shall have until December 31, 2013 to meet the Ownership Requirement.

#### Director Compensation Table

The table below sets forth the compensation paid to each non-employee member of our Board of Directors in fiscal year 2008.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards(1) (\$)	Option Awards(1) (\$)	Total (\$)
Robert Graham	50,250	125,170	—	175,420
Regina Herzlinger	59,875	—	1,189	61,064
Kevin Hickey	57,375	—	594	57,969
Alif Hourani	57,125	—	594	57,719
Ruben King-Shaw, Jr.	123,750	—	594	124,344
Christian Michalik	129,625	—	594	130,219
Neal Moszkowski	164,375	125,180	—	289,555
David Gallitano(2)	—	—	—	—

(1) The amounts included in the “Stock Awards” and “Option Awards” columns are the amounts of compensation cost related to restricted stock and stock option awards, respectively, recognized by us in our financial statements during fiscal year 2008 in accordance with Statement of Financial Accounting Standards No. 123R (“FAS 123R”). Pursuant to SEC rules, the amounts shown exclude the impact of estimated forfeitures related to service-based vesting conditions, as applicable. These amounts reflect our accounting expense for these awards and do not correspond to the actual value that will be realized by the Directors. For a discussion of valuation assumptions and methodologies, see Note 2 to our 2008 consolidated financial statements included in our annual report on Form 10-K for the year-ended December 31, 2008.

(2) Mr. Gallitano was appointed to our Board of Directors in March 2009.

The following table sets forth certain information regarding unexercised options and stock that has not vested for each non-employee member of our Board of Directors outstanding as of December 31, 2008.

Name	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested(1) (\$)
Robert Graham	10,693	—	90.05	10/26/11	1,389(2)	17,863
Regina Herzlinger	3,790	—	90.52	12/12/11	—	—
	10,000	—	17.00	07/07/14	—	—
	7,000	—	36.45	07/27/12	—	—
	6,500	—	47.40	06/07/13	—	—
	5,128	—	90.52	12/12/11	—	—
	5,000	—	17.00	07/07/14	—	—
Kevin Hickey	4,500	—	36.45	07/27/12	—	—
	5,000	—	47.40	06/07/13	—	—
	3,790	—	90.52	12/12/11	—	—
	5,000	—	17.00	07/07/14	—	—
Alif Hourani	4,500	—	36.45	07/27/12	—	—
	5,000	—	47.40	06/07/13	—	—
	3,790	—	90.52	12/12/11	—	—
Ruben King-Shaw, Jr.						