

HEALTHSPRING, INC.
COMPENSATION COMMITTEE CHARTER

STATEMENT OF PURPOSE

The purpose of the Compensation Committee is to discharge the responsibilities of the Board of Directors (the “Board”) of HealthSpring, Inc. (the “Company”) relating to compensation and incentive arrangements of the Company’s executive officers, as well as to oversee the Board’s evaluation of such officers. The Compensation Committee is also responsible for producing an annual report on executive compensation for inclusion in the Company’s annual proxy statement, in accordance with applicable rules and regulations.

STRUCTURE AND MEMBERSHIP

1. Number. The Compensation Committee shall consist of at least three members of the Board of Directors.
2. Independence. Except as otherwise permitted by the applicable rules (including the transition rules) of the New York Stock Exchange, each member of the Compensation Committee shall be an “independent director” as determined in accordance with the applicable rules of the New York Stock Exchange.
3. Chair. Unless the Board of Directors designates a Chair of the Compensation Committee, the Compensation Committee shall elect a Chair by majority vote.
4. Compensation. The compensation of Compensation Committee members shall be as determined by the Board of Directors.
5. Selection and Removal. Members of the Compensation Committee shall be appointed by the Board of Directors, upon the recommendation of the Nominating and Governance Committee. The Board of Directors may remove members of the Compensation Committee from such committee, with or without cause.

COMMITTEE AUTHORITY AND RESPONSIBILITIES

General

1. The Compensation Committee shall discharge its responsibilities, and shall assess the information provided by the Company’s management, in accordance with its business judgment.

Compensation Matters

The responsibilities and duties of the Compensation Committee, on behalf of the Board of Directors, shall include oversight of the Company's compensation policies and practices, including:

2. CEO Compensation. The Compensation Committee shall annually review and approve corporate goals and objectives relevant to the compensation of the Company's Chief Executive Officer (the "CEO"), evaluate the CEO's performance in light of those goals and objectives, and, either as a committee or together with the independent directors, as directed by the Board, determine and approve the CEO's compensation level based on this evaluation, subject to any contractual arrangements between the CEO and the Company. In determining the long-term incentive component of the CEO's compensation, the Compensation Committee shall consider, among other factors, the Company's performance and relative stockholder return, the value of similar incentive awards to chief executive officers at comparable companies, and the awards given to the CEO in past years.

3. Executive Officer Compensation. The Compensation Committee also shall review and make recommendations to the Board of Directors as to the compensation of the Company's executive officers other than the CEO, including salary, bonus, and incentive compensation levels, deferred compensation, executive perquisites, equity compensation (including awards to induce employment), severance arrangements, change-in-control benefits, and other forms of executive officer compensation, subject to any contractual arrangements between the executive officer and the Company. In connection with its review and approval of executive officer compensation, the Committee shall oversee evaluation of the performance of the executive officers.

4. Plan Recommendations and Approvals. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to incentive-compensation plans and equity-based plans, as well as the number of options, restricted shares, or other equity-based awards to be reserved each fiscal year for grant to employees. The Compensation Committee shall review and approve all equity compensation plans and amendments.

5. Incentive Plan Administration. The Compensation Committee shall exercise all rights, authority, and functions of the Board of Directors under all of the Company's stock option, stock incentive, employee stock purchase, and other equity-based plans, including without limitation, the authority to interpret the terms thereof and to grant options and make stock awards thereunder; provided, however, that, except as otherwise expressly authorized to do so by a plan or resolution of the Board of Directors, the Compensation Committee shall not be authorized to amend any such plan.

6. Director Compensation. The Compensation Committee shall periodically review and make recommendations to the Board of Directors with respect to director compensation.

7. Compensation Committee Report on Executive Compensation. The Compensation Committee shall prepare for inclusion where necessary in a proxy or information statement of the Company relating to an annual meeting of security holders at which directors are to be elected (or special meeting or written consents in lieu of such meeting), the report described in Item 402(k) of Regulation S-K.

8. Compensation Committee Report on Repricing of Options/SARs. If during the last fiscal year of the Company (while the Company was a reporting company pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, and the rules and regulations thereunder (the “Exchange Act”), any adjustment or amendment was made to the exercise price of any stock option or stock appreciation right previously awarded to a “named executive officer” (as such term is defined in Item 402(a)(3) of Regulation S-K), the Compensation Committee shall furnish the report required by Item 402(i) of Regulation S-K.

9. Review Benefit Plans. The Compensation Committee shall review at least annually the Company’s broad-based benefit programs as developed by management.

10. Stock Ownership Guidelines. The Compensation Committee shall monitor compliance by officers and directors with any stock ownership guidelines of the Company.

PROCEDURES AND ADMINISTRATION

1. Meetings. The Compensation Committee shall meet as often as it deems necessary in order to perform its responsibilities and may act by written consent without a meeting. A majority of the Compensation Committee shall constitute a quorum, and the Compensation Committee shall act only on the affirmative vote of a majority of the members present at the meeting. The Compensation Committee shall keep such records of its meetings as it shall deem appropriate.

2. Subcommittees. The Compensation Committee may form and delegate authority to one or more subcommittees as it deems appropriate under the circumstances (including a subcommittee consisting of a single member). In the event that each member of the Compensation Committee does not qualify as a “non-employee director,” as such term is defined in Rule 16b-3 promulgated under the Exchange Act (“Rule 16b-3”), and an “outside director,” as such term is defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, and the rules and regulations thereunder (“Section 162(m)”), the Compensation Committee shall create a subcommittee consisting of at least two members of the Compensation Committee who are “non-employee directors” and “outside directors,” which subcommittee will have sole responsibility with respect to the approval of (i) all transactions between the Company and an officer or director of the Company involving a grant, award, or other acquisition of securities from the Company (other than a Discretionary Transaction, as defined in Rule 16b-3) and (ii) all compensation subject to Section 162(m).

3. Reports to Board. The Compensation Committee shall report regularly to the Board of Directors.

4. Charter. The Compensation Committee shall periodically review and reassess the adequacy of this Charter and recommend any proposed changes to the Board of Directors for approval.

5. Consulting Arrangements. The Compensation Committee shall have the sole authority to retain and terminate any compensation consultant to be used to assist in the evaluation of executive officer compensation and shall have sole authority to approve the consultant's fees and other retention terms. The Compensation Committee shall also have authority to commission compensation surveys or studies as the need arises. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such consultants as established by the Compensation Committee.

6. Independent Advisors. The Compensation Committee shall have the authority to engage such independent legal, accounting, and other advisors as it deems necessary to carry out its responsibilities. Such independent advisors may be the regular advisors to the Company. The Compensation Committee is empowered, without further action by the Board of Directors, to cause the Company to pay the compensation of such advisors as established by the Compensation Committee.

7. Access to Management. The Compensation Committee shall have full access to the Company's executives and personnel as necessary to carry out its responsibilities.

8. Investigations. The Compensation Committee shall have the authority to conduct or authorize investigations into any matters within the scope of its responsibilities as it shall deem appropriate, including the authority to request any officer, employee, or advisor of the Company to meet with the Compensation Committee or any advisors engaged by the Compensation Committee.

9. Annual Self-Evaluation. At least annually, the Compensation Committee shall evaluate its own performance.

10. NYSE Certification. After each change in the composition of the Compensation Committee, the Compensation Committee shall direct the Company to prepare and provide to the NYSE such written confirmations regarding the membership and operation of the Compensation Committee as the NYSE rules require.

11. Additional Powers. The Compensation Committee shall take such other actions or have such other duties as may be required by law, assigned by the Company's Bylaws or Corporate Governance Guidelines, or delegated by the Board of Directors.