

Magellan Health Services, Inc.

NOMINATING COMMITTEE CHARTER

I. *Purpose of Committee*

The purpose of the Nominating Committee (the “Committee”) of the Board of Directors (the “Board”) of Magellan Health Services, Inc. (the “Company”) is to identify and recommend individuals to the Board for nomination as members of the Board and its committees. As provided in Article II, Section 4 of the Company’s by-laws, candidates for election to the Board may also be nominated by shareholders who meet certain requirements. The Committee shall report to the Board on a regular basis and not less than once a year.

II. *Committee Membership*

The Committee shall consist solely of two or more members of the Board, each of whom the Board has determined has no material relationship with the Company and each of whom is otherwise “independent” under the rules of the Nasdaq Stock Market. In any year, a director who is being considered for re-election at the upcoming annual meeting of shareholders will not be eligible for service on the Committee. No member of the Committee may receive any compensation from the Company other than (i) director’s fees, which may be received in cash, stock options or other in-kind consideration ordinarily available to directors, (ii) a pension or other deferred compensation for prior service that is not contingent on future service, and (iii) any other regular benefits that other directors receive.

Members shall be appointed by the Board based on nominations by the Committee as set forth below, and shall serve at the pleasure of the Board and for such term or terms as the Board may determine. Members shall have such knowledge, ability and experience as the Board considers appropriate for the effective discharge of the Committee’s duties and responsibilities.

III. *Committee Structure and Operations*

The Board shall designate one member of the Committee as its chairperson. In the event of a tie vote on any issue, the chairperson’s vote shall decide the issue. The Committee shall meet at least once a year at a time and place determined by the Committee chairperson, with further meetings to occur, or actions to be taken by unanimous written consent, when deemed necessary or desirable by the Committee or its chairperson. To ensure free and open discussion and communications among the members of the Committee, during a portion of each regularly scheduled meeting of the Committee the members are encouraged to meet in executive session, with no members of management present

IV. *Committee Duties and Responsibilities*

The following are the duties and responsibilities of the Committee:

1. To make recommendations to the Board from time to time as to changes that the Committee believes to be desirable to the size of the Board or any committee thereof.
2. To identify individuals believed to be qualified to become Board members, and to recommend to the Board the nominees to stand for election as directors at the annual meeting of shareholders or, if applicable, at a special meeting of shareholders. The Committee shall also evaluate and make recommendations to the Board regarding individuals timely and appropriately presented by shareholders for nomination for election as a director. In the case of a vacancy in the office of a director (including a vacancy created by an increase in the size of the Board), the Committee shall recommend to the Board an individual to fill such vacancy either through appointment by the Board or through election by stockholders. In nominating candidates, the Committee shall take into consideration such factors as it deems appropriate. These factors may include the candidate's personal qualities and characteristics, accomplishments and reputation in the business community; the candidate's current knowledge and contacts in the communities in which the Company does business and in the Company's industry or other industries relevant to the Company's business; the candidate's experience with businesses and other organizations of comparable size; the candidate's ability and willingness to commit adequate time to Board and committee matters; the candidate's ability to complement the skills of the other directors and potential directors in building a Board that is effective, collegial and responsive to the needs of the Company, and diversity of viewpoints, background, experience and other demographics. The Committee may consider candidates proposed by management, but is not required to do so.
3. With respect to incumbent directors, to review such director's overall service to the Company during the term of his or her service, including the number of meetings attended, level of participation, quality of performance, and any circumstances that have presented or are expected to present a conflict of interest with the Company. In general, other than in cases of death, disability or pending or actual resignation or removal, no specific effort must be initiated to conduct a search to fill the position of an incumbent director unless and until such time as the full Board, upon recommendation of the Committee, has determined that such director will not be re-nominated.
4. To develop and recommend to the Board standards to be applied in making determinations as to the absence of any material relationship between the Company and a director and as to a director being otherwise "independent" under the rules of the Nasdaq Stock Market.
5. In the case of a director nominee to fill a Board vacancy created by an increase in the size of the Board, make a recommendation to the Board as to the group of directors in which the individual should serve.
6. To identify Board members qualified to fill vacancies on any committee of the Board (including the Committee) and to recommend that the Board appoint the identified member or members to the respective committee. In nominating a candidate for committee membership, the Committee shall take into consideration the factors set forth in the charter of the committee, if any, as well as any other factors it deems appropriate, including without limitation the consistency of the candidate's experience with the goals of the committee and the interplay of the candidate's experience with the experience of other committee members.
7. Administer procedures regarding Board candidates put forward by shareholders. Information regarding individuals presented by shareholders for nomination for election as a director shall be provided to the attention of the Secretary of the Company.

V. *Delegation to Subcommittee*

The Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee of the Committee.

VI. *Resources Authority of the Committee*

The Committee shall have the resources and authority appropriate to discharge its duties and responsibilities, including the authority to select, retain, terminate, and approve the fees and other retention terms of special counsel or other experts or consultants, as it deems appropriate, without seeking approval of the Board or management. With respect to consultants or search firms used to identify director candidates, this authority shall be vested solely in the Committee.

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