MID ATLANTIC MEDICAL SERVICES, INC.
CORPORATE GOVERNANCE GUIDELINES

Adopted by the Board of Directors
February 12, 2003

1. Director Qualifications

The Board will have a majority of directors who meet the criteria for independence required by the New York Stock Exchange. For the purposes of determining independence, a director will not qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company, either directly, or as a partner, principal, shareholder or officer of an organization that has a relationship with the Company.

Material relationships can include commercial, industrial, banking, consulting, legal accounting, charitable and familial relationships, among others. By way of example, and not exclusively, each of the following relationships between a director and the Company or any of its subsidiaries, will not, on its own, be considered material for independence purposes:

a. consulting relationship approved by the Board in which the director, directly, or as a partner, principal, shareholder or officer of an organization, receives consulting fees of $60,000 or less;

b. relationship of reimbursement in which the director, directly, or as a partner, principal, shareholder or officer of an organization, receives reimbursement as a provider of products or services, provided that such reimbursement is at a rate applicable to other similarly situated providers;

c. relationship through service on the board of directors of a subsidiary of the Company, even if separately compensated for such service; and

d. relationship as a shareholder of less than 10% of the issued and outstanding common stock of the Company or any of its subsidiaries; and

In addition, a director will not be considered independent under the following circumstances:

a. No director who is a former employee of the Company or any of its subsidiaries can be considered independent until five years after the employment has ended.

b. No director who is, or in the past five years, has been, affiliated with or employed by a present or former auditor of the Company or an affiliate can be independent until five years after the end of either the affiliation or the auditing relationship.

c. No director can be independent if he or she is, or in the past five years has been, part of an interlocking directorate in which an executive officer of the Company serves on the compensation committee of another company that concurrently employs the director.

d. Directors with immediate family members in the foregoing categories are subject to the five-year cooling off period described above.

In making independence determinations, the Board will broadly consider all relevant facts and circumstances and all aspects of a director's relationship with the Company and its subsidiaries. The independence standards set forth in subsections (a) and (b) of this Section 1 will be disclosed in the Company's annual proxy statement, as will the Board's independence determinations for each director.

The Nominating & Governance Committee will be responsible for reviewing with the Board, on an annual basis, the requisite skills and characteristics of new Board members as well as the composition of the Board as a whole. This assessment will include members' qualification as independent, as well as consideration of skills and experience in the context of the needs of the Board. Nominees for directorship will be selected by the Nominating & Governance Committee in accordance with the policies and principles in its charter. The invitation to join the Board should be extended by the Board itself, by the Chairman of the Nominating & Governance Committee and the Chairman of the Board.

The Board presently has 13 members. It is the sense of the Board that a size of 9 to 13 Board members is appropriate.

It is the sense of the Board that individual directors who change the responsibility they held when they were elected to the Board should disclose these changes to the Nominating & Governance Committee. It is the responsibility of the Nominating & Governance Committee to review the continued appropriateness of Board membership under the circumstances and make any recommendations to the Board.

2. Director Responsibilities

The basic responsibility of the directors is to exercise their business judgment to act in what they reasonably believe to be in the best interests of the Company and its shareholders. In discharging that obligation, directors will be subject to the Company's Code of Business Conduct and Ethics and entitled to rely on the honesty and integrity of the Company's senior executives and its outside advisors and auditors. The directors will also be entitled to have the Company purchase reasonable directors' and officers' liability insurance on their behalf, to the benefits of indemnification to the fullest extent permitted by law and the Company's charter, by-laws and any indemnification agreements, and to exculpation as provided by state law and the Company's charter.

Directors are expected to attend Board meetings and meetings of committees on which they serve, and to spend the time needed and meet as frequently as necessary to properly discharge their responsibilities. Information and data that are important to the Board's understanding of the business to be conducted at a Board or committee meeting should be distributed in writing to the directors either before the meeting or at the meeting.

The Board has no policy with respect to the separation of the offices of Chairman and the Chief Executive Officer. The Board believes that this issue is part of the succession planning process and that it is in the best interest of the Company for the Board to make a determination when it elects a new chief executive officer.

The Chairman will establish the agenda for each Board meeting. Each Board member is free to suggest the inclusion of items on the agenda. Each Board member is free to raise at any Board meeting subjects that are not on the agenda for that meeting. The Board will review the Company's long-term strategic plans and the principal issues that the Company will face in the future during at least one Board meeting each year.

In addition to regularly-scheduled meetings of the Board, the non-management directors will meet in regularly-scheduled executive sessions. The director who presides at these meetings will be chosen by the non-management directors, and his/her name will be disclosed in the annual proxy statement.

The Board believes that the management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate with various constituencies within and outside the Company that are involved with it. It is expected that Board members will do this with the knowledge of the management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

3. Board Committees

The Board will have at all times an Audit Committee, a Compensation & Stock Option Committee and a Nominating & Governance Committee. All of the members of these committees will be independent directors under the criteria established by the New York Stock Exchange and the standards set forth in these Corporate Governance Guidelines.

Committee members will be appointed by the Board. Consideration should be given to rotating committee members periodically, but the Board does not feel that rotation should be mandated as a policy.

Each committee will have its own charter as required by the rules of the New York Stock Exchange. The charters will set forth the purposes, goals, and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance.

The Chairman of each committee, in consultation with the committee members, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The Chairman of each committee, in consultation with the appropriate members of the committee and management, will develop the committee's agenda.

The Board and each committee have the power to hire independent legal, financial or other advisors as they may deem necessary, without consulting or obtaining the approval of any officer of the Company in advance.

The Board may, from time to time, establish or maintain additional committees as necessary or appropriate.

4. Director Access to Officers and Employees

Directors will have full and free access to officers and employees of the Company. Any meetings or contacts that a director wishes to initiate may be arranged through the Chairman, CEO or General Counsel or directly by the director. The directors will use their judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the Chairman and CEO on any written communications between a director and an officer or employee of the Company.

5. Director Compensation

The form and amount of director compensation will be determined by the Compensation & Stock Option Committee in accordance with the policies set forth in its charter. The Compensation & Stock Option Committee will consider that directors' independence may be jeopardized if director compensation and perquisites exceed customary levels, if the Company makes substantial charitable contributions to organizations with which a director is affiliated, or if the Company enters into consulting contracts with (or provides other indirect forms of compensation to) a director or an organization with which the director is affiliated.

6. Directors Orientation and Continuing Education

All new directors should participate in the Company's Orientation Program, which should be conducted within two months of the annual meeting at which new directors are elected. This orientation may include presentations by senior management to familiarize new directors with the Company's strategic plans, its significant financial, accounting and risk management issues, its compliance programs, its Code of Business Conduct and Ethics, its principal officers, and its independent auditors. In addition, the Orientation Program may include visits to Company headquarters and, to the extent practical, certain of the Company's significant facilities. All other directors are also invited to attend the Orientation Program.

7. CEO Evaluation and Management Succession

The Compensation & Stock Option Committee will conduct an annual review of the Chairman and the CEO's performance. The Board of Directors will review the Compensation & Stock Option Committee's report in order to ensure that the Chairman and CEO are providing the best leadership for the Company in the long- and short-term.

The Nominating & Governance Committee will be responsible for succession planning for the Company including succession in the event of an emergency or the retirement of the Chairman and CEO. The Board will work with the Nominating & Governance Committee to nominate and evaluate potential successors to the Chairman and CEO. The Chairman and CEO should at all times make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

8. Annual Performance Evaluation

The Board of Directors will conduct an annual self-evaluation to determine whether it and its committees are functioning effectively. The Nominating & Governance Committee will receive comments from all directors and report annually to the Board with an assessment of the Board's performance. This will be discussed with the full Board following the end of each fiscal year. The assessment will focus on the Board's contribution to the Company and specifically focus on areas in which the Board or management believes that the Board could improve.