

# Magellan Health Services, Inc.

## **POLICY FOR SELECTING NOMINEES FOR ELECTION AS DIRECTORS**

The Nominating/Corporate Governance Committee (the “Committee”) of Magellan Health Services, Inc. (“Company”) identifies, evaluates and recommends candidates to become members of the Board of Directors (“Board”) with the goal of creating a balance of knowledge, experience and diversity. Stockholders may also recommend candidates to the Committee in accordance with the procedure set forth below and may nominate candidates directly pursuant to the provisions of the Company’s By-Laws. Candidates are reviewed in the context of the current composition of the Board, the operating requirements of the Company and the long-term interests of the Company’s stockholders and are evaluated for their character, judgment, business experience and acumen.

### **I. GUIDELINES FOR DIRECTOR CANDIDATES**

In conducting its assessment of candidates, the Committee may consider and evaluate candidates based upon the following factors:

- The independence of the candidate pursuant to the requirements of the Nasdaq Stock Market (“NASDAQ”).
- The age of the candidate (candidates should be at least 21 years of age).
- The accomplishments and reputation, both personal and professional, of the candidate in his/her respective field, consistent with the image and reputation of the Company.
- The expertise and experience of the candidate in an area pertinent to the Company’s business and the potential effectiveness of the candidate in providing advice and guidance to the management of the Company based on that expertise and experience.
- The contacts of the candidate in the communities in which the Company does business and in the Company’s industry.
- The ability of the candidate in carrying out his/her responsibilities as a director to make independent business judgments in an analytical manner and exhibit practical wisdom and mature judgment.
- The highest personal and professional ethics, integrity and values, commitment to promoting the long-term interests of the Company’s stockholders, free of any relationship that may on a regular basis create conflict of interest between his or her directorial role and personal or other associative interests.
- The ability to read and understand basic financial statements. The Committee will also determine if any of the candidates satisfy the criteria for being an “audit committee financial expert,” as defined by the Securities and Exchange Commission.
- The ability to understand fully the legal, business and fiduciary responsibilities of a director and the governance processes of a public company.

- The ability to develop a good working relationship with other Board members and contribute to the Board's working relationship with the senior management of the Company.
- The ability and the willingness to commit adequate time to Board and committee matters.
- The ability to complement the skills of the other Board members and bring a diversity of viewpoints, background, experience and other demographics to the Board.
- For candidates who are incumbent directors, a positive record of the incumbent director with respect to overall service to the Company during his or her term, including the number of meetings attended, level of participation, quality of performance, and circumstances that have presented or are expected to present a conflict of interest with the Company.

## II. IDENTIFICATION OF QUALIFIED CANDIDATES

Candidates for nomination to the Board shall be identified through one of the following processes:

- A. Board and Committee Identified Candidates. The Committee has primary responsibility for identifying, evaluating and recommending candidates to be considered by the Board for nomination to the Board. The Committee may take into consideration the factors that it deems appropriate, including the factors listed in Section I above. The Committee may consider candidates proposed by management, but it is not required to do so. In general, no specific search effort must be completed to fill a position on the Board.

The Committee shall also identify board members qualified to fill vacancies on any committee of the Board (including the Committee) and recommend the appointment of members to fill those vacancies.

- B. Shareholder Recommendations.

Shareholders may recommend a candidate for nomination to the Board by writing to the Company's corporate secretary at its headquarters at 55 Nod Road, Avon, CT 06001 and including whatever supporting material the shareholder considers appropriate. All such shareholder-recommended candidates should satisfy the criteria listed in Section I above.

In order for shareholder-recommended candidates to be considered in an orderly manner, generally, names and other supporting materials should be submitted not later than six months prior to the anniversary of the mailing date of the Company's most recent past annual meeting proxy statement. Materials in support of a shareholder-recommended candidate should include:

- All information about the candidate that is required to be disclosed in solicitations of proxies for election of directors or otherwise required under Regulation 14A under the Securities Exchange Act of 1934, including written consent to being named in the proxy statement as a nominee and to serving as a director if needed.
- An indication of whether the candidate qualifies as "*independent*" under NASDAQ listing standards and securities law requirements relating to service on the Audit Committee.

- The name and address of the recommending stockholder, as they appear on the Company's books, and of any beneficial owner on whose behalf the recommendation is made.
- The class and number of shares of the Company's stock that are beneficially owned and held of record by such stockholder or beneficially owned by such beneficial owner.
- Information regarding whether the recommending stockholder, beneficial owner or candidate or their affiliates have any plans or proposals for the Company, including for any extraordinary transaction.
- Whether the recommending stockholder, beneficial owner or candidate seeks to use the nomination to redress personal claims or grievances against the Company or to further personal interests or special interests not shared by stockholders at large.

C. Direct Shareholder Nominations.

Shareholders may directly nominate an individual to serve as a director, if they are entitled to notice of and to vote at a meeting called for the election of directors. Nominations may be made in this manner by writing to the Company's corporate secretary at its headquarters at 55 Nod Road, Avon, CT 06001 and including various required materials. To be effective, the nomination must be received not later than 90 days prior to the anniversary date of the last annual meeting, provided that if the date of the annual meeting is more than 30 days before or after the anniversary date of the last annual meeting, the nomination must be received within 15 days after the public announcement by the Company of the date of the annual meeting. The nomination must contain the following information to the extent known by the shareholder:

- The name, age, business address, and residence address of the proposed nominee(s) and of the notifying shareholder.
- The principal occupation of the proposed nominee.
- A representation that the notifying shareholder intends to appear in person or by proxy at the meeting to nominate the person(s) specified in the notice.
- The class and total number of shares of capital stock and other Company securities that are beneficially owned by the notifying shareholder and by the proposed nominee and, if such securities are not owned solely and directly by the notifying shareholder of the proposed nominee, the manner of beneficial ownership.
- A description of all arrangements or understandings between the notifying shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination(s) are to be made by the notifying shareholder.
- Such other information regarding the nominee proposed by such shareholder as would be required to be included in a proxy statement filed with the SEC pursuant to Regulation 14A under the Exchange Act had the nominee been nominated, or intended to be nominated, by the Board.
- The consent of the nominee to serve as a director of the Company if so elected.

The Company may request any proposed nominee to furnish such other information as may reasonably be required by the Company to determine the qualifications of the proposed nominee to serve as a director of the Company. Within 15 days after receipt by the secretary of a shareholder notice of nomination, the Board must instruct the secretary to advise the notifying shareholder of any deficiencies in the notice. The notifying shareholder must cure the deficiencies within 15 days of receipt of such notice.