

**BLUE CROSS AND BLUE SHIELD OF ARIZONA, INC.
HUMAN RESOURCES AND
COMPENSATION COMMITTEE
CHARTER**

Purpose of Committee

The purpose of the Human Resources and Compensation Committee (Committee) of the Board of Directors (Board) of Blue Cross and Blue Shield of Arizona, Inc. (Company) is to assist the Board in discharging its responsibilities relating to compensation and benefits of the Company's employees and executive officers and recommending compensation of Directors.

Committee Membership

The Committee shall consist of the independent Directors on the Company's Executive Committee and up to three additional independent Directors, as defined by the Board's Corporate Governance Guidelines, elected for one year terms.

Committee Structure and Operations

The Chairman of the Committee shall be an independent member of the Board elected by the Board. The Committee shall meet at least three (3) times a year at a time and place determined by the Committee Chairman. Further meetings may be held as deemed necessary by the Committee, the Chairman of the Committee, the Chairman of the Board or the Chief Executive Officer (CEO). Additional special meetings may be held at the call of the Compliance Officer, the Vice President of Human Resources, or upon petition by three or more members of the Human Resources and Compensation Committee.

Annual Committee Duties and Responsibilities

The following are the duties and responsibilities of the Committee:

1. Review management's plans and programs for the attraction, retention, succession, motivation, and development of the human resources needed to achieve the Company's objectives.
2. Review and approve recommendations of the CEO for appointment as a senior officer of the Company.
3. Review and recommend to the Board employee compensation and benefits, including incentive compensation plans in accordance with applicable law.
4. Review and approve corporate goals and objectives relevant to CEO compensation, annually review the CEO's performance in light of those goals and objectives, and recommend to the Board for approval the CEO's compensation level based on this assessment.

5. Review the Department of Insurance filings on highly compensated employees.
6. Obtain approval of the Audit Committee Chair of recommended compensation changes for the Vice President of Internal Audit.
7. Obtain approval of the Audit Committee Chair of recommended compensation changes for the Vice President of Corporate Integrity.
8. Make recommendations to the full Board of Directors on compensation and expense reimbursement for Directors.
9. Review any matters brought to the Committee's attention regarding employment issues.
10. Review and recommend to the Board changes to pension benefits.
11. Review and recommend to the Board a succession plan in the event of the death, retirement or termination of the CEO.

This Human Resources and Compensation Committee Charter is not intended to change or augment the obligations of the Company or its Directors or management under any federal or state laws, or to create new standards for determining whether Directors or management have fulfilled their duties, including fiduciary duties, under applicable state law.

Performance Evaluation

The Committee shall produce and provide to the Board an annual performance evaluation of the Committee, which evaluation shall compare the performance of the Committee with the requirements of this Charter. The performance evaluation shall include recommendations for any improvements to the Committee's Charter deemed necessary or desirable by the Committee. The performance evaluation by the Committee shall be conducted in such manner as the Committee deems appropriate.

Management Responsibilities and Obtaining Consultants

It is the responsibility of Management to provide the Committee with the necessary resources to discharge the Committee's duties and responsibilities, as reflected in this Charter and as assigned to the Committee by the Board of Directors. It is the Committee's responsibility to hire and terminate consultants including, but not limited to, legal counsel to assist the Committee in the performance of its duties.