



Investor Presentation: June 2009

Forward-Looking Statement

Certain statements in this presentation will be forward-looking statements. Forward-looking statements are defined as statements that are not historical facts and include those statements relating to future events or future financial performance. Actual performance may be significantly impacted by certain risks and uncertainties, including those described in Coventry's Annual Report on Form 10-K for the year ended December 31, 2008 and Form 10-Q for the quarter ended March 31, 2009. Coventry undertakes no obligation to update or revise any forward-looking statements.

Agenda

Q1 2009 Review

Key Earnings Drivers

Healthcare Reform

Q109 Highlights

- § GAAP earnings per share of \$0.30
- § Revenue of \$3.6 billion
 - § Increase of 21.5% from the prior year quarter
- § Commercial group health plan MLR of 80.9%
- § Medicare MLR in-line with expectations
- § Continued growth in Medicare and Individual
- § GAAP cash flows from operations of \$358.2 million
- § Excellent liquidity position

Balance Sheet Review

\$2.0B Cash & Treasuries
\$0.8B Municipals (AA+)
\$0.3B GSEs & Agency-Backed (AAA)
\$0.2B Corporate (A+)
\$0.3B All Other →
\$3.6B Investment Portfolio

< \$50m CMBS
< \$10m Auction Rates
NO sub-prime / Alt-A
NO stock holdings

- § Subsidiaries well capitalized
- § \$500m of free cash on hand
- § No looming payment obligations
 - § First debt maturity date is 2012
 - § Regardless, begin to de-lever in 2009
- § Net unrealized gain position

All data as of 3/31/09

Agenda

Q1 2009 Review

Key Earnings Drivers

Healthcare Reform

2009: A Year of Intensified Focus

- § Emphasis on core businesses
- § Eliminate distractions
 - § Discontinue Medicare PFFS for 2010
 - § Divest First Health Services for \$110 million
 - § Discontinue certain other small non-performing businesses
- § Improved focus and organizational effectiveness
- § Low cost structure remains the critical differentiator

Medicare Advantage: Private Fee-for-Service

- § 2009 guidance based upon “break even” performance
- § Plan to eliminate all direct and allocated SG&A in 2010

2009E Revenue = \$2.8 billion

94% +/- MLR estimate

2009E Gross Margin ~ \$170 million

**Broker Comm.
\$75 million**

**Other Direct SG&A
\$75-\$85 million**

**Indirect SG&A
\$10-\$20 million**

2009 Guidance

Reiterate 2009 EPS of \$1.70 - \$1.90*

§ Upon completion of FHS transaction:

§ No impact to on-going EPS, post closing

§ Upon closing, one-time GAAP loss on sale of approximately \$0.55 - \$0.60 per share

§ Largely non-cash

§ Targeted to close in the third quarter of 2009

* *Excludes impact of pending First Health Services transaction*

2009: Sizing The Business

	Revenue (\$b)
§ Health Plan Commercial Risk	\$5.1
§ Medicare Advantage CCP	\$1.9
§ Medicare Part D	\$1.4
§ Medicaid Risk	\$1.1
§ Workers' Comp Services	\$0.8
§ Other Businesses	<u>\$0.5</u>
On-Going Business	\$10.8
§ Medicare Advantage PFFS	\$2.8
§ Run-Out Businesses	<u>\$0.2</u>
2009E Total	\$13.8

Health Plan Commercial Risk

- § Group membership projected to decline ~ 10%
- § Elevated levels of in-group attrition through layoffs, etc.
- § Assumes continuing employment pressure throughout 2009
- § Remain committed to price push
 - § 2009 renewals priced > cost trend
- § While group membership is pressured, individual membership continues to grow
 - § Membership projected to be up 20%+ in 2009
 - § Important capability in reform environment

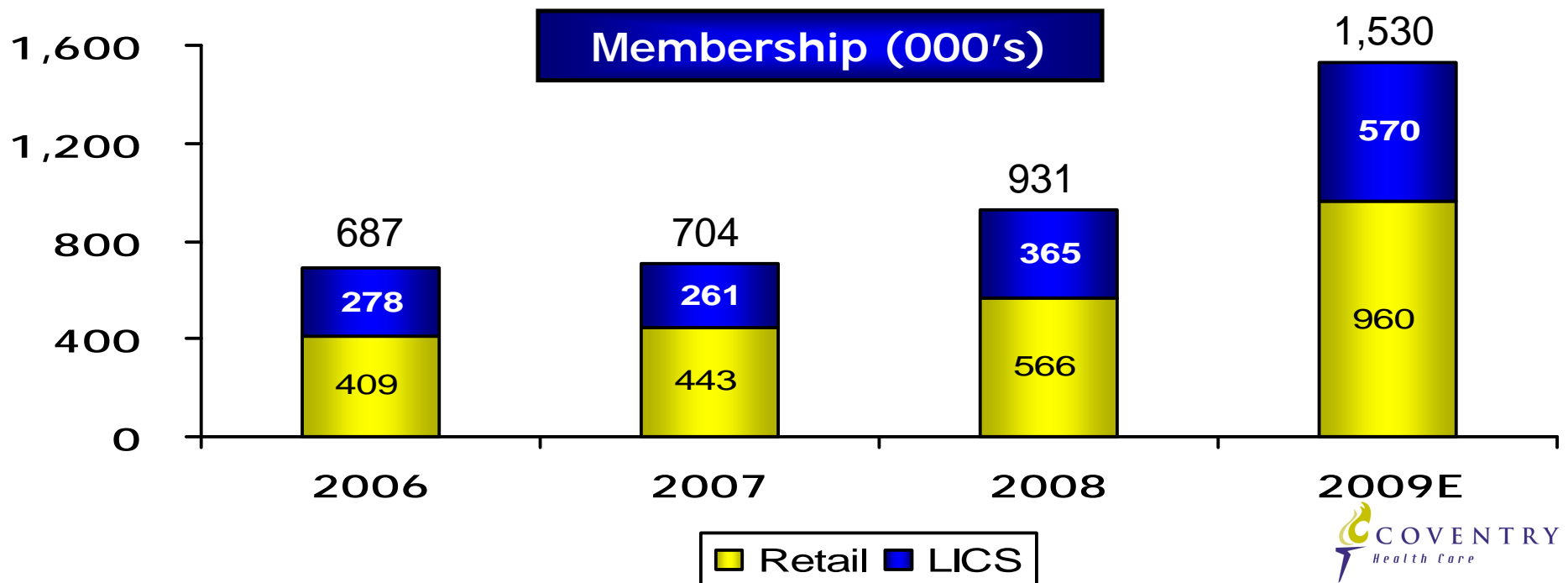
Medicare Advantage: Coordinated Care

MA Coordinated Care Membership				
	2006	2007	2008	2009E
MA CCP	80,000	117,000	137,000	180,000

- § Another year of strong growth
 - § Both new sales and terminations better than projected
- § Broad strategy for 2010 bids:
 - § Maintain 2009E margin primarily through benefit reductions
 - § To a lesser extent, premium increases in certain markets
 - § Given funding picture, precision on targeted markets
- § We remain committed to MA CCP for the long term

Medicare Part D

- § 2009E membership growth of 600,000
- § Top 5 position with 9% market share
- § Guidance assumes 2009 MLR consistent with 2008
- § Results at or better than target since inception
- § 2009E revenue of \$1.4b (up from \$0.8b in 2008)
- § 2010 bid strategy



Medicaid Risk

- § Important part of a diversified portfolio, especially in a reform environment
 - § CVH is committed to grow Medicaid
 - § Recent win in Nebraska with a September 2009 start date
- § Current funding environment
 - § State budget constraints pressure annual rate increases
 - § Increased federal funding flowing to states could offset
- § Growth outlook
 - § Macro employment environment – hedge to commercial
 - § Continue to pursue selected RFP's
 - § Potential healthcare reform opportunities
 - § Position for ABD/SSI penetration opportunities

Workers' Comp Services

§ Leading integrated capabilities

§ Bill review

§ Care management

§ Contracted network

§ PBM services

§ Cross-section of customer types

§ Carriers

§ TPA's

§ Employers

§ Revenue growing slightly despite macro employment factors

§ Management team given direct oversight of operations

§ More insulated from healthcare reform

§ Unregulated cash flow

Agenda

Q1 2009 Review

Key Earnings Drivers

Healthcare Reform

Positioning for Healthcare Reform

Given today's uncertainty, managing to low cost is the best "defense" regardless of line of business

- § CVH well positioned across potential reform solutions
- § Competing on the basis of low cost structure is not new for us
 - § Unit cost structure is key, via local-based health plans
 - § We never abandoned medical management principles
 - § Return to relentless focus on SG&A
- § Need to be a top-notch service provider
 - § Payer of choice in local markets
 - § Outstanding member experience
 - § Clinical capabilities and reputation for quality become critical