KEY TRANSACTION ISSUES (CONT'D)

CRITERIA	COMMENTS
REALIZATION OF ECONOMIC BENEFIT	
Amount of Foundation Contribution	
Form of Foundation Contribution	• Cash and / or public stock
Partner Commitment to Close Deal	• Time-consuming process requires firm commitment of both parties; pre-closing integration efforts
DO-ABILITY	
Regulators	• Driven by Foundation funding, constituent impact, & legal requirements
Legislators	
GOVERNANCE PARTICIPATION	
Corporate Structure	• Operating structure of the combined company
Corporate Name / Branding	• Corporate-holding company and operating subsidiary brand names
Headquarters Location	• Location of the corporate headquarters of combined company
Management Composition	• Senior management reporting structure of combined company
LONG-TERM STRATEGY	
Number of Strategic Businesses	• Strength of existing business versus geographic and other business risks
Next Merger Opportunity	• Ability to use combined entity as platform for growth

KEY TRANSACTION ISSUES (CONT'D)

The table below offers a side-by-side comparison of Trigon and WellPoint on the key transaction issues:

CRITERIA	TRIGON	WELLPOINT
STRATEGIC GOALS		
Revenue Growth	• Utilize platform for further regional growth	• No immediate contiguous growth synergies
Market Share	• Increase penetration along Rt. 123 corridor	• No geographic synergies
Capital	• Full access to public equity and debt markets	• Full access to public equity and debt markets
BUSINESS CASE		
Marketability	• Could trigger MAMSI and/or BCBSNC acquisition by WellPoint: would create moderate competitive threat to CareFirst	• Could trigger MAMSI and/or BCBSNC acquisition by Trigon: would create significant competitive threat to CareFirst
Synergies	• Significant opportunities for revenue synergies in northern Virginia (especially along Route 123 corridor), as well as general and administrative cost savings	• Primarily general and administrative cost savings • Unicare presents limited synergies
Earnings Growth	• Synergies may drive significant incremental earnings growth	• Synergies may drive incremental earnings growth
Benefits to Constituents	• Provides seamless provider networks, integrated customer service and standardization of medical policy across a large geographic region	• TBD
Success of Post-Closing Integration	• Trigon management team is experienced with BCBS conversion process	• WellPoint management team is experienced with BCBS conversion process and significant acquisition and integration processes (*e.g.* $700 million acquisition of Cerulean)

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KEY TRANSACTION ISSUES (CONT'D)

The table below offers a side-by-side comparison of Trigon and WellPoint on the key transaction issues:

CRITERIA	TRIGON	WELLPOINT
REALIZATION OF ECONOMIC BENEFIT		
Amount of Foundation Contribution	• TBD	• TBD
Form of Foundation Contribution	• 60% cash / 40% stock	• TBD
Partner Commitment to Close Deal	• TBD	• TBD
DO-ABILITY		
Regulators	• Generally supportive due to Foundation funding	• Generally supportive due to Foundation funding
Legislators	• Contiguous nature strengthens business case	• Non-contiguous nature complicates business case
GOVERNANCE PARTICIPATION		
Corporate Structure	• Offer for 3 Directors in a total of 16 • Keep all current entities intact and create local advisory boards	• Offer for 1 Director in a total of 9
Corporate Name / Branding	• Maintain Trigon Healthcare, Inc. as corporate-holding company name and test market CareFirst brand name in all local markets (including Virginia)	• TBD

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KEY TRANSACTION ISSUES (CONT'D)

The table below offers a side-by-side comparison of Trigon and WellPoint on the key transaction issues:

CRITERIA	TRIGON	WELLPOINT
GOVERNANCE PARTICIPATION (CONT'D)		
Headquarters Location	• Move corporate headquarters to neutral site, or remain at current location • Corporate office would include Office of the Chairman, Chief Executive Officer and Chief Financial Officer, as well as the Legal and Human Resources departments	• No re-location needed for at least 2 years
Management Composition	• Bill Jews, Chairman of the Board of Trigon Healthcare, Inc. and Chief Executive Officer of Maryland, DC and Delaware operating companies • Thomas Snead, Chief Executive Officer of Trigon Healthcare, Inc. and Virginia operating company • All senior management positions would be filled jointly by Bill Jews and Thomas Snead	• Bill Jews, Chief Executive Officer of WellPoint's Eastern Region, including CareFirst
LONG-TERM STRATEGY		
Number of Strategic Businesses	• TBD	• TBD
Next Merger Opportunity	• BCBSNC is one logical option	• TBD

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STRATEGIC RATIONALE

The following analysis highlights the strategic rationale of pursuing a transaction either with Trigon or WellPoint.

TRIGON

- Transaction would roughly double the size of CareFirst and create the largest BCBS plan in the mid-Atlantic region
- Significant opportunities for revenue synergies in northern Virginia marketplace (especially along the Route 123 corridor)
  - Higher penetration rates
  - Improved provider contracting
- Substantial size and scale will better position the combined entity to withstand market downturns and competitive pressures from large national competitors
- Provides seamless provider networks, integrated customer service and standardization of medical policy across a large geographic region
- Increased market presence should allow combined entity to negotiate more favorably with providers
- Full access to public equity and debt markets

WELLPOINT

- Transaction would roughly triple the size of CareFirst and create one of the largest managed care companies in the United States
- Potential for CareFirst operating entities to become East Coast hub of combined entity
- WellPoint management team is experienced with BCBS conversion process and significant acquisition and integration processes (*e.g.* $700 million acquisition of Cerulean)
- Substantial size and scale will better position the combined entity to withstand market downturns and competitive pressures from large national competitors
- Full access to public equity and debt markets

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Trigon Merger: Decision-Makers & Influencers by Jurisdiction

		Direct Decision-Makers	Decision Influencers	Considerations
D.C.	Congress	•Pass bill repealing/amending GHMSI Charter to convert for-profit	•Mayor Williams •City Council Chair •City Council Insurance & Health Committee Chairs	•Purchase Price •Foundation •Headquarters •Jobs •Local Presence •Program Continuation •Management •Foundation Control
	Insurance Commissioner	•Approve Transaction •Mayor could reverse delegation of authority to Commissioner		
	Corporation Counsel	•Ultimate D.C. approval authority •Determines size and distribution of D.C.'s charitable trust		
VA	Insurance Commissioner	•Approves Trigon involvement	•Governor •House/Senate Leadership	•Purchase Price *(Shareholders' Consideration)*
MD	Insurance Commissioner	•Approves CFI & CFMI conversion •Determines size of MD's charitable contribution *(by law must go to MD Health Care Foundation)* •Sets ground rules for subscriber vote on conversion	•Governor •Lieutenant Governor •Cas Taylor •Mike Miller •Barbara Hoffman •Joe Curran	**Regulators** •Purchase Price •Headquarters •Local Presence •Jobs •Program Con't •Management •Found. Control •Foundation **Subscribers** Program Con't Local Presence Purchase Price Headquarters Jobs Foundation Management Found. Control
	Subscribers	•Approve by vote of 2/3 of those who vote: pursuant to plan approved by Insurance Commissioner		
DE	Commissioner	•Approves BCBSD conversion under Holding Company Act •No specific conversion statute in place •Decides size and distribution of contribution	•Attorney General •Governor •Legislative leadership	•Purchase Price •Foundation •Jobs •Local Presence •Management •Program Continuaiton •Headquarters •Foundation Control
Other	BCBSA	•Approval of license transfer •Approval subject to ownership/control rules if stock used	•Press •Consumer Groups *(Fair Care, Consumer Catalyst)*	•Foundation Control •Foundation

WellPoint Merger: Decision-Makers & Influencers by Jurisdiction

		Direct Decision-Makers	Decision Influencers	Considerations
D.C.	Congress	•Pass bill repealing/amending GHMSI Charter to convert for-profit	•Mayor Williams •City Council Chair •City Council Insurance & Health Committee Chairs	•Purchase Price •Foundation •Headquarters •Jobs •Local Presence •Program Continuation •Management •Foundation Control
	Insurance Commissioner	•Approve Transaction •Mayor could reverse delegation of authority to Commissioner		
	Corporation Counsel	•Ultimate D.C. approval authority •Determines size and distribution of D.C.'s charitable trust		
CA	Insurance Commissioner	•Approves WellPoint involvement	•Governor •House/Senate Leadership	•Purchase Price *(Shareholders' Consideration)*
MD	Insurance Commissioner	•Approves CFI & CFMI conversion •Determines size of MD's charitable contribution *(by law must go to MD Health Care Foundation)* •Sets ground rules for subscriber vote on conversion	•Governor •Lieutenant Governor •Cas Taylor •Mike Miller •Barbara Hoffman •Joe Curran	**Regulators** •Purchase Price •Headquarters •Local Presence •Jobs •Program Con't •Management •Found. Control •Foundation **Subscribers** Program Con't Local Presence Purchase Price Headquarters Jobs Foundation Management Found. Control
	Subscribers	•Approve by vote of 2/3 of those who vote: pursuant to plan approved by Insurance Commissioner		
DE	Commissioner	•Approves BCBSD conversion under Holding Company Act •No specific conversion statute in place •Decides size and distribution of contribution	•Attorney General •Governor •Legislative leadership	•Purchase Price •Foundation •Jobs •Local Presence •Management •Program Continuaiton •Headquarters •Foundation Control
Other	BCBSA	•Approval of license transfer •Approval subject to ownership/control rules if stock used	•Press •Consumer Groups *(Fair Care, Consumer Catalyst)*	•Foundation Control •Foundation
	Virginia	•Commissioner may take increased interest in transaction		

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