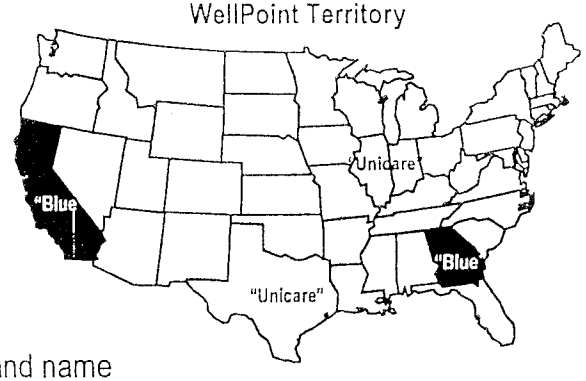
WellPoint Corporate Overview

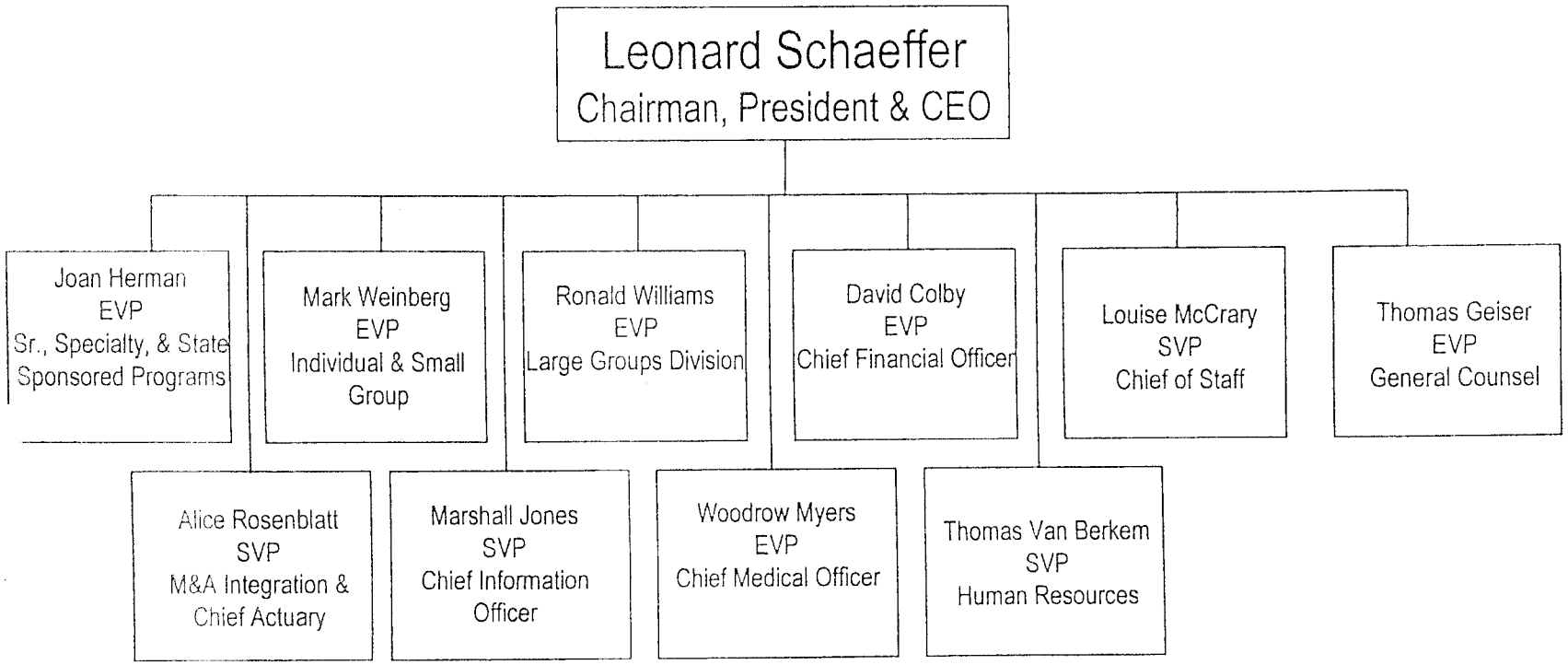
CEO:	Leonard Schaeffer
Headquarters:	Thousand Oaks, CA
Tax Status:	For-profit - Traded under WLP symbol
Total Members:	7.9M (9.7M including Cerulean)-----
	Blue-branded: 5.6M (7.3M including Cerulean)

WellPoint Territory



Corporate Strategy--Grow outside of service area by acquiring:

- Medium size non-Blue health plans that will be incorporated under UniCare brand name
- Blues plans who are for-profit or have conversion guidelines in place



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2000 Financial Performance Comparison

	CareFirst ($ in millions)	WellPoint ($ in millions)	Total ($ in millions)	Relative Contribution
Net Revenue	$3,894.2	$9,035.5	$12,929.7	CFI: 30% WLP: 70%
Operating Income	$47.2	$440.7	$487.9	WLP: 90% CFI: 10%
Investment Income	$50.3	$193.4	$243.7	WLP: 79% CFI:21%
Net Income per GAAP	$79.7	$342.3	$422.0	WLP: 81% CFI:19%
MLR	*84.3%*	*76.8%*		
SG&A Ratio	*14.9%*	*18.4%*		
Cash & Investments	$1,075.6	$3,780.1	$4,855.7	WLP: 78% CFI:22%
Shareholders' Equity/Reserves	$691.8	$1,644.4	$2,336.2	CFI:30% WLP: 70%
Total Membership	3,010,550	7,869,120	10,879,670	CFI:28% WLP: 72%

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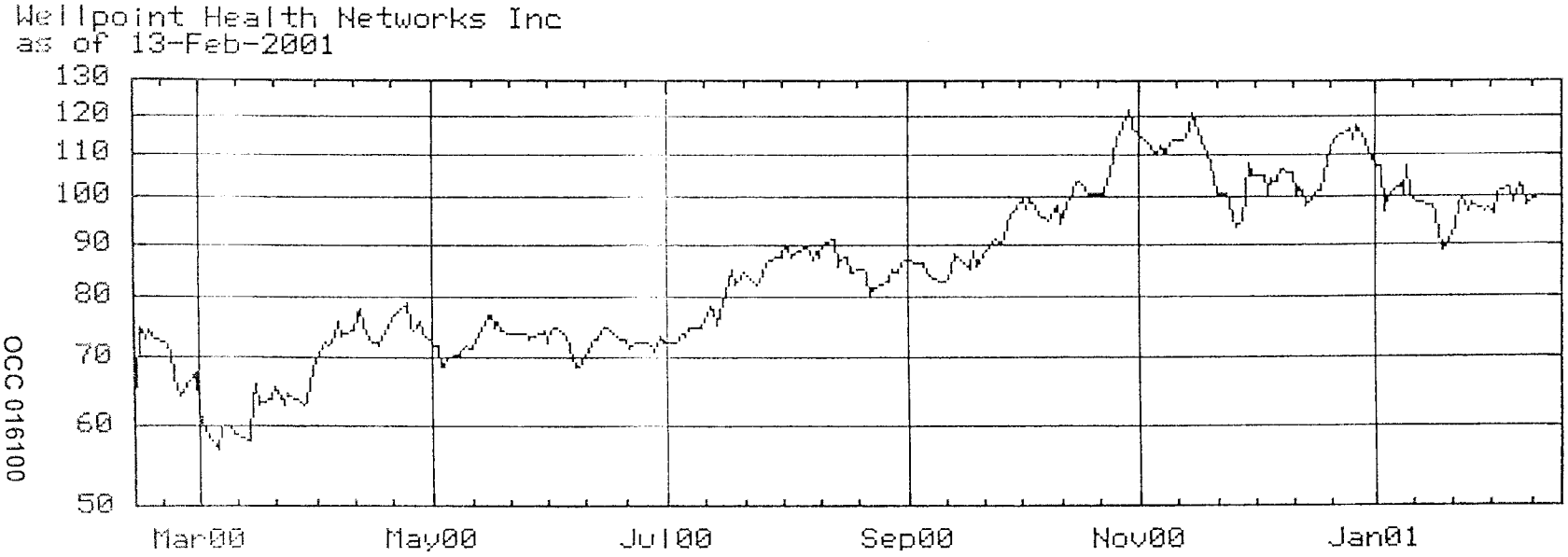
Notes

Admin calculated on net revenues not gross revenues
CareFirst data includes BCBSD
CareFirst Net Income per GAAP excludes extraordinary items
WellPoint data does not include Cerulean

WellPoint Stock Performance & Analysts' Projections

- Trigon's Cerulean bid drove WellPoint's stock down from a 52-week high of $121 to $95. Subsequently, the stock rebounded - currently $106.
  - Current market cap is $6.3B, and the PE ratio is 17.3
  - 2001 Consensus EPS Estimates: Average $6.04, Range $6.00-$6.10
  - 52-Week Price Targets: $106-$135
- For 2001 Analysts Predict:
  - Strong Enrollment Growth & Product Innovations - "obsessive customer focus" expected to drive 6%-8% corporate growth
  - Strong Cost Containment--7.5% premium increases to outpace expected 6.5% medical cost increases
  - Medical Cost Containment - 7% annual trend vs. 9% industry trend
  - Although historical actual results are not available, UniCare is estimated to generate a loss
- Broker recommendations: 11 Strong Buys, 4 Buys, 1 Hold



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Constituent Attitudes Towards WellPoint

Brokers

- Monthly focus groups with brokers to identify areas for improvement
- Robust commissions and use of Internet to enhance broker sales capabilities (AgentOnline)
- Joined with Earthlink to provide specially priced Internet services to 40,000 agents and brokers
- Rated one of Top 25 Sales Forces by Sales & Marketing Magazine

Members

- Strong member growth in California (10%+)
- Monthly focus groups with members to focus on product improvements
- Customization of health plans for employers as small as 2 people and individuals
- Customer service called "phenomenal"

Physicians

- Negative sentiment aimed at all health insurers in CA
- Medical Association of GA objected to Cerulean deal due to "WellPoint's burdensome managed care practices"
- Physicians blame WLP and others' low capitation payments for KPC's recent bankruptcy and the financial demise of many others
- CEO Leonard Schaeffer is viewed as a hard-line negotiator, which is viewed negatively by the provider community
- CMA sued WLP for utilizing "coercive, unfair & fraudulent means to dominate & control physician-patient relationships

Hospitals

- Intense contract talks with Sutter Health Hospitals with no agreement to date: At times, the talks have become rancorous, with Sutter accusing WellPoint of lying and misleading patients
- St. John's Hospital & Health System dropped WLP due to low payments
- WellPoint barely averted another large hospital system (Catholic West) leaving their system when they arrived at a deal the night before the contract ended

Regulators

- Georgia regulators approved the Cerulean deal with few objections
- WellPoint battled California regulators before finally agreeing to fund two foundations with $3.2B in WellPoint stock

Wall Street

- Named Fortune's "Most Respected Healthcare Company" in 2000 and 1999, up from #3 in 1998
- 11 of 17 analysts rate WellPoint as a "Strong Buy"
- 35% return in the last year

Key: Favorable | Neutral | Unfavorable

Sources: Business Wire (10/18/00 and 1/11/01), San Jose Mercury News (1/09/01), San Francisco Chronicle (1/09/01), Managed Care Week (10/23/00 and 12/25/00), The Sacramento Bee (12/21/00), Best's Insurance News (8/16/00 and 11/30/00), The Atlanta Constitution (11/27/000 and 11/28/00), The Atlanta Journal and Constitution (11/10/00), CMA Press Release (5/25/2000), Wall Street Journal (5/31/2000), Insure.com (3/2000), The Washington Post (1/22/01 and 3/09/2000), External sources

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WellPoint "SWOT" Analysis

	Strengths & Opportunities	Weaknesses & Threats
Sales/Marketing	+ Infrastructure poised to exploit consumerism opportunities: MBU-segment focus & systems facilitate customized products and delivery	- Would require ability to get regulatory approval for individual and SEGO products in Maryland
Finance/Actuarial/UW	+ Expertise & supporting infrastructure drive profitability (data access, monitoring & forecasting capabilities)	
IT/Ops	+ Systems tailored to managing & monitoring by segment & profitability + Reduces investment in duplicative technologies (e-commerce, HIPAA, core systems, etc.) + Operation Center consolidation	- Transition to segment-by-geography MBU structure may be costly: increased staffing/overhead normally required for matrix organization structure
Medical	+ Ancillary businesses (Rx, etc.)	

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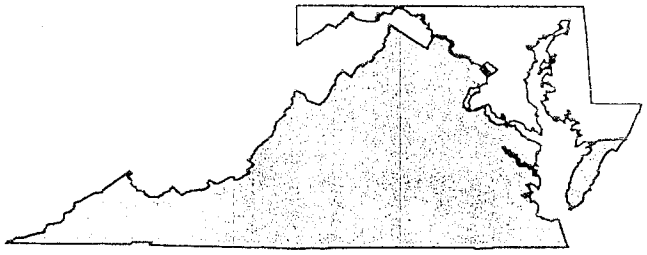
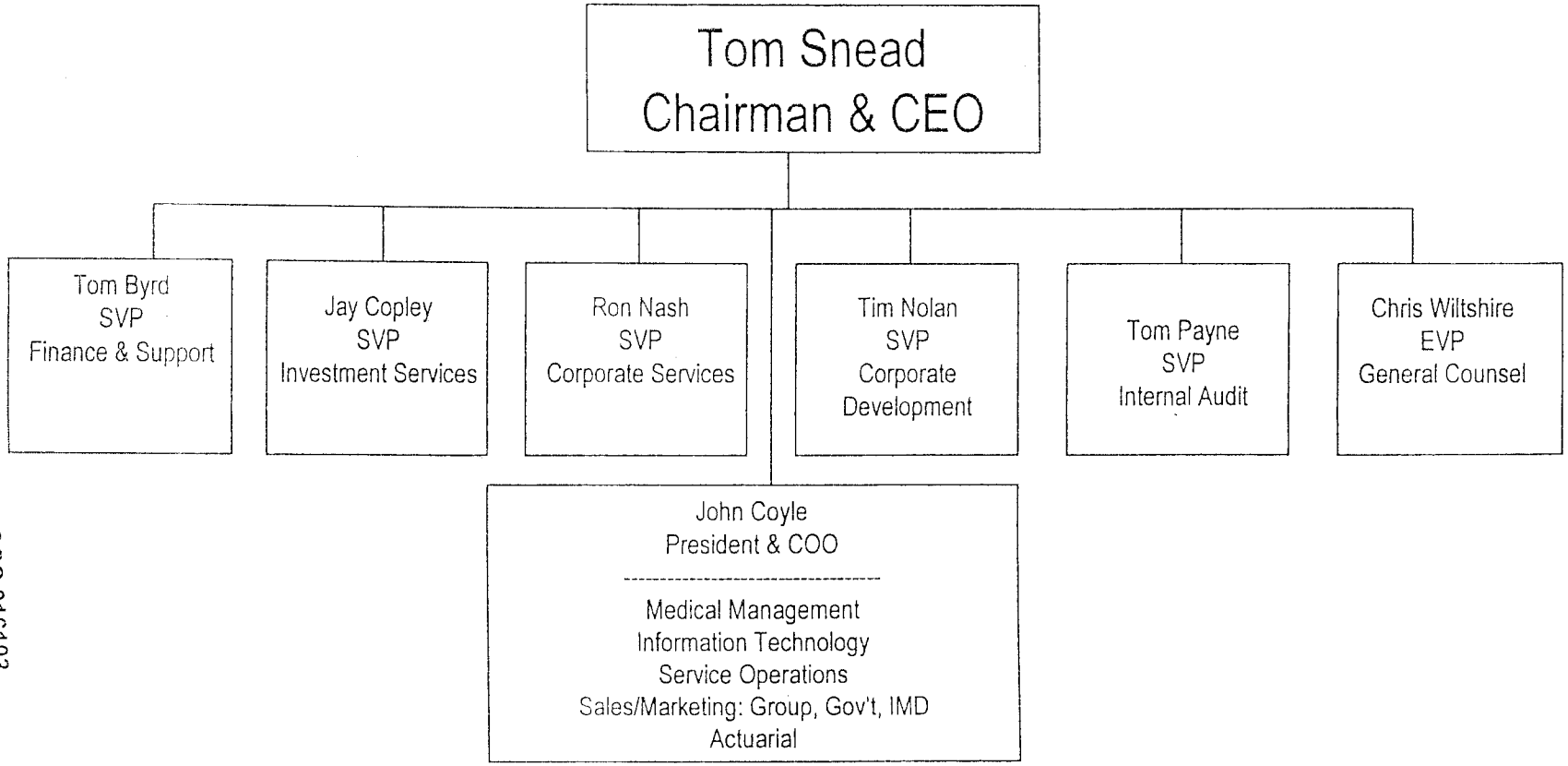
Trigon Corporate Overview

CEO:	Tom Snead
Headquarters:	Richmond, VA
Tax Status:	For-profit - Traded under TGH symbol
Total Members:	2.0M
Corporate Strategy:	Grow outside of service area via expansion through the Southeast

Trigon Territory:
VA South of Rt. 123





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2000 Financial Performance Comparison

	CareFirst ($ in millions)	Trigon ($ in millions)	Total ($ in millions)	Relative Contribution
Net Revenue	$3,894.2	$2,500.5	$6,394.7	CFI: 61% / TGH: 39%
Operating Income	$47.2	$95.6	$142.8	CFI: 33% / TGH: 67%
Investment Income	$50.3	$114.5	$164.8	CFI:31% / TGH: 69%
Net Income per GAAP	$79.7	$112.0	$191.1	CFI:42% / TGH: 58%
MLR	*84.3%*	78.0%		
SG&A Ratio	*14.9%*	19.1%		
Cash & Investments	$1,075.6	$1,781.7	$2,857.3	CFI:38% / TGH: 62%
Shareholders' Equity/Reserves	$691.8	$1,014.9	$1,706.7	CFI:41% / TGH: 59%
Total Membership	3,010,550	2,015,330	5,025,880	CFI:60% / TGH: 40%

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Notes

Admin calculated on net revenues not gross revenues
CareFirst data includes BCBSD
CareFirst Net Income per GAAP excludes extraordinary items