KEY TRANSACTION ISSUES (CONT'D)

CRITERIA	STATUS QUO	TRIGON	WELLPOINT
BUSINESS CASE (CONT'D)			
Benefits to Constituents (cont'd)			• Benefits to community include: continued local management presence, local advisory boards, funding of a foundation • Benefits to financial community (Wall Street) include: good strategic fit, low integration risk, merger of two strong companies, exciting future growth opportunities
Success of Post-Closing Integration	• NA	• 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) • WellPoint has indicated interest in re-organizing based on geographic business units if a merger with CareFirst is completed
REALIZATION OF ECONOMIC BENEFIT			
Amount of Foundation Contribution	• NA	• TBD	• TBD
Form of Foundation Contribution	• NA	• 60% cash / 40% stock	• TBD
Partner Commitment to Close Deal	• NA	• TBD	• Schaeffer expressed his commitment to closing a deal citing the two and a half year Cerulean transaction (expected to close March 2001)

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KEY TRANSACTION ISSUES (CONT'D)

CRITERIA	STATUS QUO	TRIGON	WELLPOINT
DO-ABILITY			
Regulators	• NA	• Generally supportive due to Foundation funding	• Generally supportive due to Foundation funding
Legislators	• NA	• Contiguous nature strengthens business case	• Non-contiguous nature complicates business case
GOVERNANCE PARTICIPATION			
Corporate Structure	• Current entities would remain intact	• 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 • Geographic realignment of WellPoint; CareFirst would be organized based on customer segments (*e.g.* individual, small-employer groups and large-employer groups) • For three CareFirst jurisdictions, WellPoint would maintain local advisory boards and two provider committees • CareFirst management would be focused on integrating Blue-branded activities in the East and in further supplementing the Blue brand through additional business combinations
Corporate Name / Branding	• CareFirst brand name would not change	• Maintain Trigon Healthcare, Inc. as corporate-holding company name and test market CareFirst brand name in all local markets (including Virginia)	• Initially, the CareFirst brand name would be used locally; longer-term, this issue would be researched collaboratively

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KEY TRANSACTION ISSUES (CONT'D)

CRITERIA	STATUS QUO	TRIGON	WELLPOINT
GOVERNANCE PARTICIPATION (CONT'D)			
Headquarters Location	• Corporate headquarters would remain in Owings Mills, MD	• 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 • WellPoint would consider relocating its corporate headquarters if a detailed review of the business merits undertaking such a relocation
Management Composition	• Current management organizational structure would not change	• 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	• Ancillary services such as management services, life insurance products, etc.	• Ancillary services such as lab services, behavioral health and vision services, etc.	• Specialty managed services such as pharmacy products, dental plans, life insurance, etc.
Next Merger Opportunity	• Limited ability to control destiny	• BCBSNC	• Trigon, BCBSNC

OCC 016114

INTERLOPER ANALYSIS

Competitive response to CareFirst / WellPoint transaction.

Company	Key Statistics ($mm)	Potential Interloper	Next Move / Comments
ACTIVE ACQUIRORS			
Anthem	Ownership: Private Ability to Pay: Medium BCBS Licensee: Yes	Yes	ς Potential acquiror, but may have a difficult time competing for deals given the 12-18 month IPO process ς Most likely targets are small "Blues" plans or acquisitions in existing service areas that can be "Blue" branded ς Unlikely to acquire "non-Blue" business
CIGNA	Ownership: Public Market Capitalization: $17,376 Ability to Pay: High BCBS Licensee: No	No	ς Interested in growing its health care business ς May be interested in acquiring MAMSI, Oxford or other high-quality books of business in attractive markets ς Unlikely to acquire "Blue" business
TRIGON	Ownership: Public Market Capitalization: $2,207 Ability to Pay: High BCBS Licensee: Yes	Yes	ς Publicly stated interest in pursuing strategic acquisitions ς Most likely targets are MAMSI or BCBSNC ς Unlikely to acquire significant "non-Blue" business
SELECTIVE ACQUIRORS			
Ætna	Ownership: Public Market Capitalization: $5,484 Ability to Pay: Medium BCBS Licensee: No	No	ς Not a likely acquiror given the Company's internal restructuring efforts ς Potential seller of underperforming books of business
EMPIRE BLUECROSS BLUESHIELD	Ownership: Private Ability to Pay: Low BCBS Licensee: Yes	No	ς Potential acquiror, but may have a difficult time competing for deals given the 12-18 month IPO process ς Most likely targets are small "Blues" plans or attractive in-market businesses that can be "Blue" branded ς May have an interest in acquiring select "non-Blue" business
UnitedHealthcare	Ownership: Public Market Capitalization: $18,851 Ability to Pay: High BCBS Licensee: No	No	ς Existing business is large and performing well ς Not a likely acquiror, except in special circumstances ς Possible interest in Oxford or other high-quality books of business

INTERLOPER ANALYSIS (CONT'D)

Competitive response to CareFirst / WellPoint transaction.

Company	Key Statistics ($mm)	Potential Interloper	Next Move / Comments
POTENTIAL SELLERS			
MAMSI	Ownership: Public Market Capitalization: $970 Ability to Pay: Low BCBS Licensee: No	No	ς Too small to be a significant acquiror ς Potential acquirors include Trigon or CIGNA
Oxford Health Plans	Ownership: Public Market Capitalization: $3,021 Ability to Pay: Medium BCBS Licensee: No	No	ς Not a likely acquiror following two years of restructuring ς May be interested in a corporate sale
COVENTRY Health Care	Ownership: Public Market Capitalization: $1,084 Ability to Pay: Low BCBS Licensee: No	No	ς Not a likely acquiror given recent turnaround over last 18 months ς May be interested in a corporate sale
BlueCross BlueShield of North Carolina	Ownership: Private Ability to Pay: Low BCBS Licensee: Yes	No	ς Not a likely acquiror given size and financial resources ς Potential acquirors include Anthem or Trigon or another public or contiguous "Blue" plan

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INTERLOPER ANALYSIS (CONT'D)

Competitive response to CareFirst / Trigon transaction.

Company	Key Statistics ($mm)	Potential Interloper	Next Move / Comments
ACTIVE ACQUIRORS			
Anthem	Ownership: Private Ability to Pay: Medium BCBS Licensee: Yes	Yes	ς Potential acquiror, but may have a difficult time competing for deals given the 12-18 month IPO process ς Most likely targets are small "Blues" plans or acquisitions in existing service areas that can be "Blue" branded ς Unlikely to acquire "non-Blue" business
CIGNA	Ownership: Public Market Capitalization: $17,376 Ability to Pay: High BCBS Licensee: No	No	ς Interested in growing its health care business ς May be interested in acquiring MAMSI, Oxford or other high-quality books of business in attractive markets ς Unlikely to acquire "Blue" business
WELLPOINT HEALTH NETWORKS	Ownership: Public Market Capitalization: $6,266 Ability to Pay: High BCBS Licensee: Yes	Yes	ς Stated East Coast strategic acquisition plan ς Most likely targets are BCBSNC or Oxford ς Will acquire both "Blue" and non-"Blue" business (eg. John Hancock and Mass Mutual) which can be sold under UNICARE brand name
SELECTIVE ACQUIRORS			
Ætna	Ownership: Public Market Capitalization: $5,484 Ability to Pay: Medium BCBS Licensee: No	No	ς Not a likely acquiror given the Company's internal restructuring efforts ς Potential seller of underperforming books of business
EMPIRE BLUECROSS BLUESHIELD	Ownership: Private Ability to Pay: Low BCBS Licensee: Yes	No	ς Potential acquiror, but may have a difficult time competing for deals given the 12-18 month IPO process ς Most likely targets are small "Blues" plans or attractive in-market businesses that can be "Blue" branded ς May have an interest in acquiring select "non-Blue" businesses
UnitedHealthcare	Ownership: Public Market Capitalization: $18,851 Ability to Pay: High BCBS Licensee: No	No	ς Existing business is large and performing well ς Not a likely acquiror, except in special circumstances ς Possible interest in Oxford or other high-quality books of business

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INTERLOPER ANALYSIS (CONT'D)

Competitive response to CareFirst / Trigon transaction.

Company	Key Statistics ($mm)	Potential Interloper	Next Move / Comments
POTENTIAL SELLERS			
MAMSI	Ownership: Public Market Capitalization: $970 Ability to Pay: Low BCBS Licensee: No	No	ς Too small to be a significant acquiror ς Potential acquirors include Trigon or CIGNA
Oxford Health Plans	Ownership: Public Market Capitalization: $3,021 Ability to Pay: Medium BCBS Licensee: No	No	ς Not a likely acquiror following two years of restructuring ς May be interested in a corporate sale
COVENTRY Health Care	Ownership: Public Market Capitalization: $1,084 Ability to Pay: Low BCBS Licensee: No	No	ς Not a likely acquiror given recent turnaround over last 18 months ς May be interested in a corporate sale
BlueCross BlueShield of North Carolina	Ownership: Private Ability to Pay: Low BCBS Licensee: Yes	No	ς Not a likely acquiror given size and financial resources ς Potential acquirors include Anthem or Trigon or another public or contiguous "Blue" plan

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