NEXT STEPS

The following steps must be taken prior to a transaction with either Trigon or Highmark.

- Complete analysis of business case including "do-ability"
- Analyze governance and structure issues
- Preliminary resolution of significant social issues supported by advice of investment banking and legal advisors
- Commence detailed due diligence conversations among management teams, investment bankers, legal and accounting advisors
- Negotiate preliminary term sheet outlining deal structure
- Be aware of timing sensitivities throughout process as it affects both CareFirst's opportunities and those of its competitors

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APPENDIX

OCC 015519

OVERVIEW OF HIGHMARK

OCC 015520

OVERVIEW OF HIGHMARK INC.

- Highmark is licensed as a Blue Cross and Blue Shield Plan and underwrites various indemnity and managed care health insurance products
  - Also underwrites Medicare supplemental, dental, vision, life, casualty and stop loss insurance products
- In the 29 counties of Western Pennsylvania, Highmark does business as Highmark Blue Cross Blue Shield
  - In the remainder of the Commonwealth, Highmark does business as Pennsylvania Blue Shield
  - Highmark is also the primary licensee in West Virginia
- Highmark jointly markets various indemnity and managed care health insurance (joint programs) with the other three Pennsylvania Blue Cross plans
  - Capital Blue Cross, Blue Cross of Northeastern Pennsylvania, and Independence Blue Cross
- Highmark also operates a large Medicare Part A fiscal intermediary and a Part B carrier, performing claims processing, customer service, and provider relation functions
- Highmark owns dental, vision, life and casualty and stop loss subsidiaries
- Highmark is the country's eleventh largest health insurer in terms of revenue
  - In 1999, Highmark generated total revenue in excess of $8 billion and has 19.1 million customers
  - The Company's general reserves currently stand at approximately $2.2 billion
- Highmark currently maintains operating centers—in Pittsburgh, PA and Camp Hill, PA—with regional offices throughout the nation and has approximately 13,000 employees

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OVERVIEW OF HIGHMARK INC. (CONT'D)

- Vision

  Highmark's vision is to be the foremost consumer-oriented health benefits insurance and services company, evolving from a regional to a national focus through internal expansion, strategic alliances and acquisitions

- Mission

  To help our members live longer, better lives by ensuring access to affordable, high-quality health benefits insurance and services

- Values

	POSITION STATEMENT
Integrity	We hold ethical behavior, trustworthiness and accountability as the foundation on which all else is constructed
Customers	We make our decisions to benefit our customers and treat all customers as we would want to be treated
Employees	We consider employees to be the corporation's most valuable assets and are committed to developing ourselves to our utmost potential and treating each other with support, respect and dignity
Excellence	We enthusiastically provide superior service by performing each job compassionately, efficiently and accurately
Commitment	We think critically, propose constructively and respond quickly when solving problems or pursuing business opportunities

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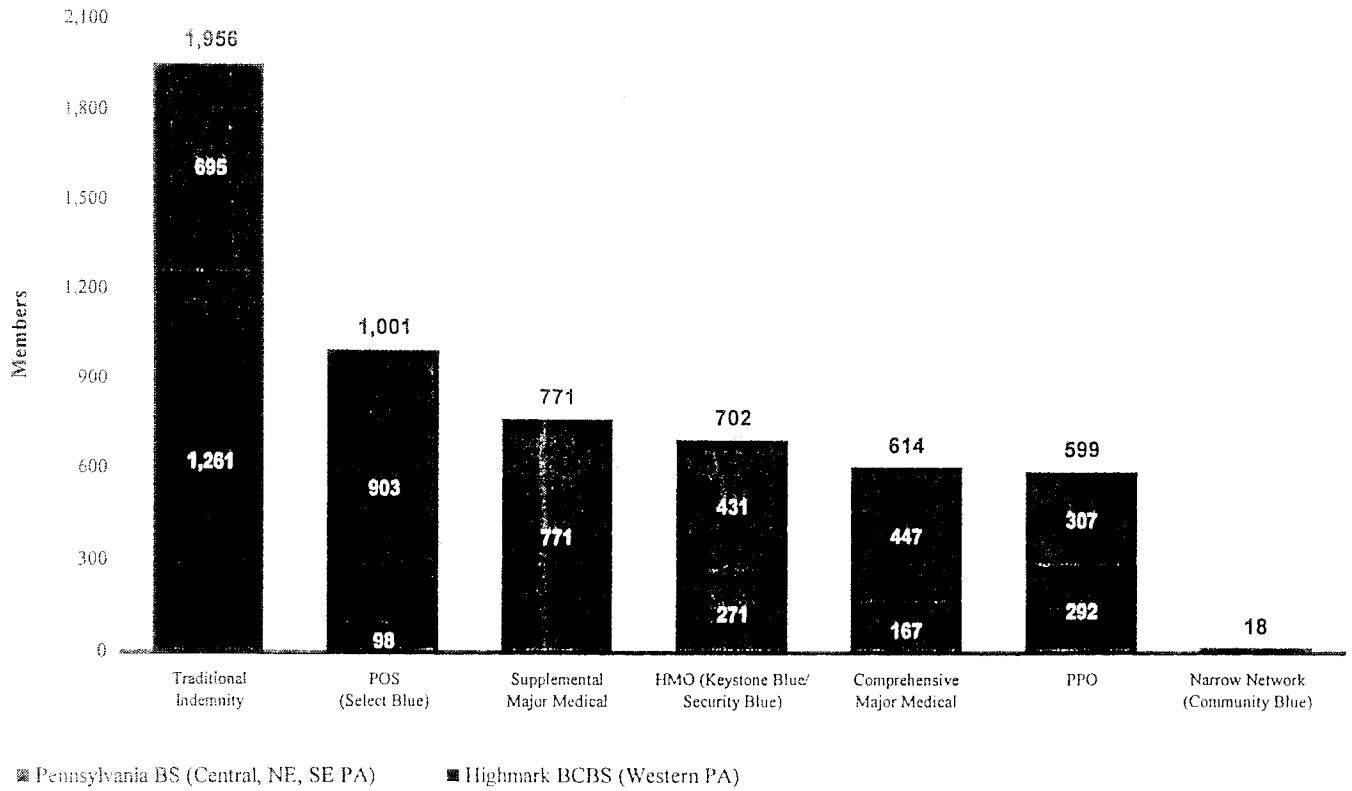
MEMBERSHIP

HIGHMARK SUBSCRIBER REVENUE BY PRODUCT
(members in thousands)



Note: Excludes other insured products such as dental and vision.

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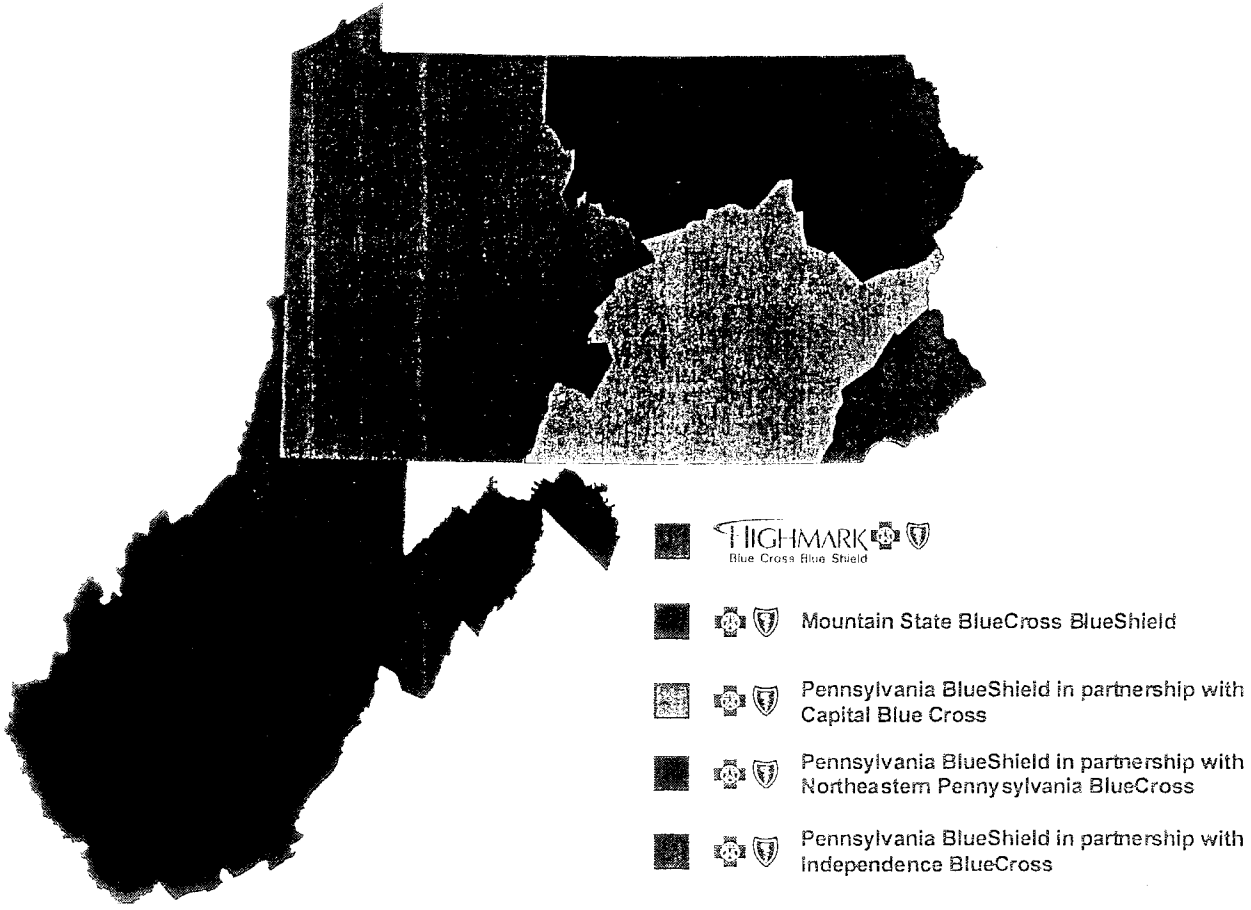
HIGHMARK SERVICE AREA

Highmark's primary operations are in the following service areas.



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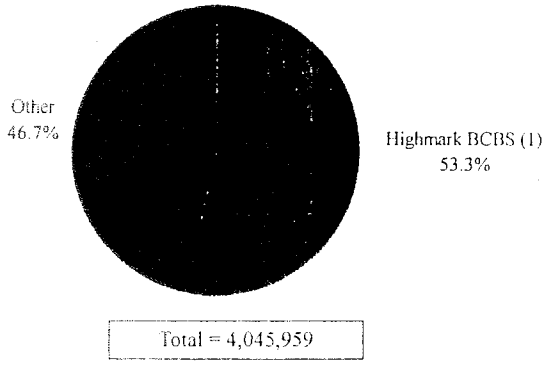
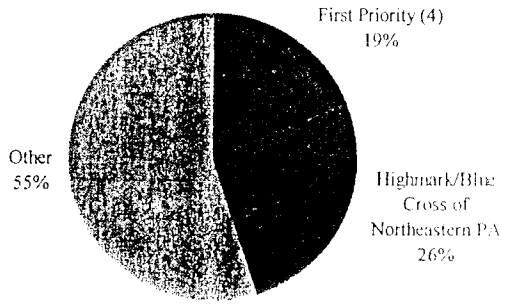
HIGHMARK'S MARKET PENETRATION

WESTERN PENNSYLVANIA REGION



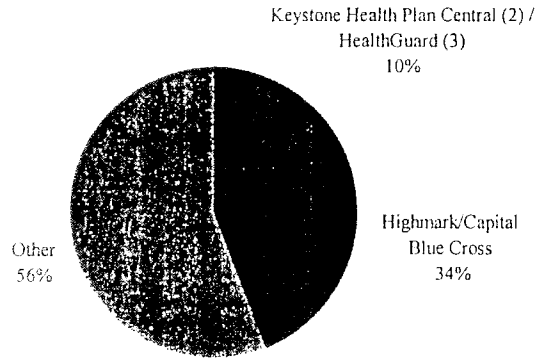
Total = 4,045,959

NORTHEASTERN REGION



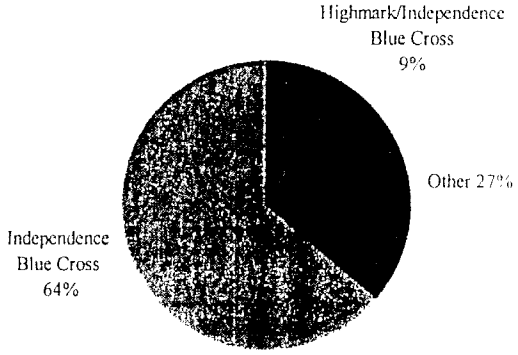
Total = 1,139,094

CAPITAL REGION



Total = 3,200,415

PHILADELPHIA REGION



Total = 3,713,574

Source: Highmark.
(1) Excludes national accounts.
(2) Subsidiary of Highmark, 100% owned.
(3) Joint ownership with Capital Blue Cross Blue Shield.
(4) Subsidiary of BC of Northeastern PA, 100% owned.

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