ESTIMATED TRANSACTION SYNERGIES

As a result of discussions between the management teams of CareFirst and Highmark, the following activities have been identified as potential areas of synergy.

ACTIVITY	SYNERGIES
Revenue Synergies	
National health management	• Jointly develop national account business
Dental care benefits management	• Develop subsidiary business-existing and new companies
Vision care benefits management	• Develop subsidiary business-existing and new companies
Cost of Care Synergies	
Lab Contracting	• Integrate vendors and contracts and associated systems
Pharmacy benefit management ("PBM")	• Integrate and standardize medical management (medical policy, infrastructure, health informatics, PBM, DSM, quality)
Disease Management	• Integrate and standardize medical management (medical policy, infrastructure, health informatics, PBM, DSM, quality)
Operating Synergies	
Data center consolidation	• Combine systems (BluePRINT, operational systems, e-commerce, data centers, telecomm)
Investment management	• Integrate financial management (investment management, surplus notes, debt, etc.)
Claims processing and clearing	• Eliminate redundant management, staff, facilities and overhead
CapEx. Synergies	
Disease state management (CareFirst)	• Integrate and standardize medical management (medical policy, infrastructure, health informatics, PBM, DSM, quality)
Dental benefits management (CareFirst)	• Develop subsidiary business-existing and new companies
Member internet portal (CareFirst)	• Combine technology initiatives (HIPAA, BluePRINT, etc.)
	• Combine e-commerce initiatives

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MANAGEMENT BIOGRAPHIES

The following table highlights the key executive officers of Highmark.

Name	Experience
John S. Brouse *President & Chief Executive Officer*	Highmark Inc., President Pennsylvania Blue Shield, Senior Vice President and Chief Operating Officer
Gary R. Truitt *General Counsel & Corporate Secretary*	Touche Ross & Company, Tax Consultant Hilner, Baer, Truitt & Frass, Partner Allegheny, Assistant District Attorney
Daniel J. Lebish *Senior Vice President, Business Development*	HealthAmerica, Executive Vice President Magee Women's Hospital, Chief Financial Officer and Vice President of Administrative Services Ernst & Young, Consultant
Elizabeth A. Farbacher *Senior Vice President, Audit*	Veritus Inc., Senior Vice President and General Auditor KPMG Peat Marwick, Senior Manager
S. Tyrone Alexander *Senior Vice President, Human Resources & Administration*	Empire Blue Cross Blue Shield, Senior Vice President, Human Resources & Services CIGNA Health Care, Du Pont, Sara Lee, Pitney Bowes and Corning Glass, Human Resources and Operational Executive positions
James M. Klingensmith *Group Executive Vice President, Health Insurance Operations*	University of Pittsburgh, Director of the Health Administration Program and the Multi Disciplinary MPH Program Pittsburgh Consulting Firm, Co-founder and President Allegheny General Hospital, Senior Vice President and Chief Operating Officer
George F. Grode *Executive Vice President, Government Business & Corporate Affairs*	PBS, Senior Vice President, Corporate Affairs Commonwealth of Pennsylvania, Insurance Commissioner Deputy Secretary to Governor Thornburgh for State Policy
Walter F. Froh, Esq. *President, HVHC, Inc.*	Pennsylvania Blue Shield, Senior Vice President Commonwealth of Pennsylvania, Senior Deputy Attorney General
Dennis M. Kubit *President & Chief Executive Officer Highmark Life and Casualty Group*	Blue Cross of Western Pennsylvania, Senior Vice President and Treasurer Trans-General Life and Casualty Group, Vice President and Chief Financial Officer Blue Cross of Pennsylvania, Director of Tax and Financial Planning
Thomas A. Dzuryachko *President, UCCI*	United Concordia Companies, Inc., Chief Operating Officer Pennsylvania Blue Shield, Vice President Independence Blue Cross, Senior Vice President

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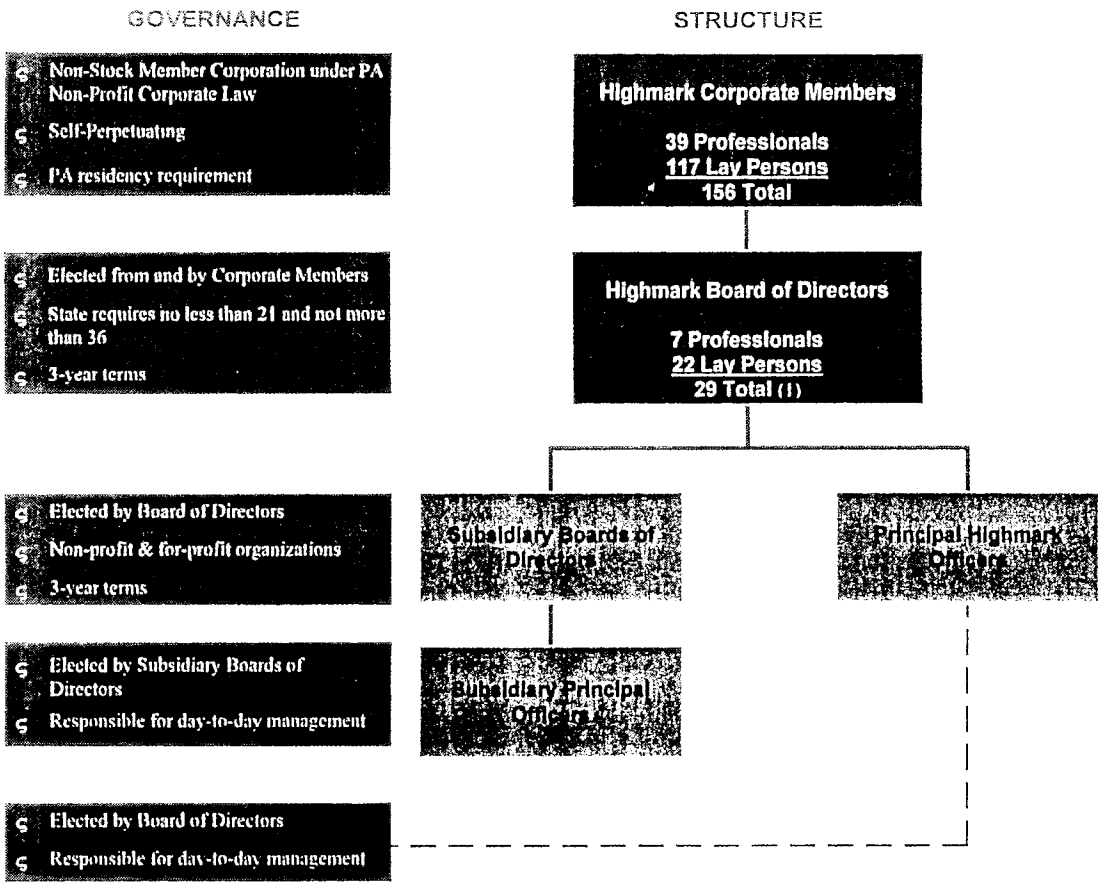
GOVERNANCE AND BOARD STRUCTURE



(1) Process implemented to reduce to 21.

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OVERVIEW OF TRIGON

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OVERVIEW OF TRIGON

- **Trigon Healthcare, Inc. ("Trigon") is the largest healthcare company in Virginia, serving more than 30% of the population in its licensed Blue Cross Blue Shield service area**
  - It operates as a for-profit stock corporation
  - Total membership as of June 30, 2000 was 2.0 million
  - Stock market capitalization as of October 12, 2000 was $2.3 billion
- **Trigon offers a wide spectrum of products and services**
  - Including PAR, PPO and HMO networks, medical supplement, disease management, dental and workers' compensation administration
  - As of June 30, 2000, fully insured products covered 1,047,897 members and made up 53.2% of total enrollment
  - The PPO networks, with 442,393 members, offer greater choice of providers than Trigon's HMO networks
  - The PAR network, with 145,116 members, is the Company's broadest and most flexible network
- **The Company operates three HMOs**
  - With 283,744 members, the three HMOs are the Company's most tightly managed and cost efficient networks
  - HealthKeepers is a state qualified HMO that operates primarily in the central, eastern and southwestern areas of Virginia
  - Peninsula Health Care operates primarily on the Peninsula in Eastern Virginia
  - Priority Health Care is a federally qualified HMO that operates in the Tidewater area in Eastern Virginia

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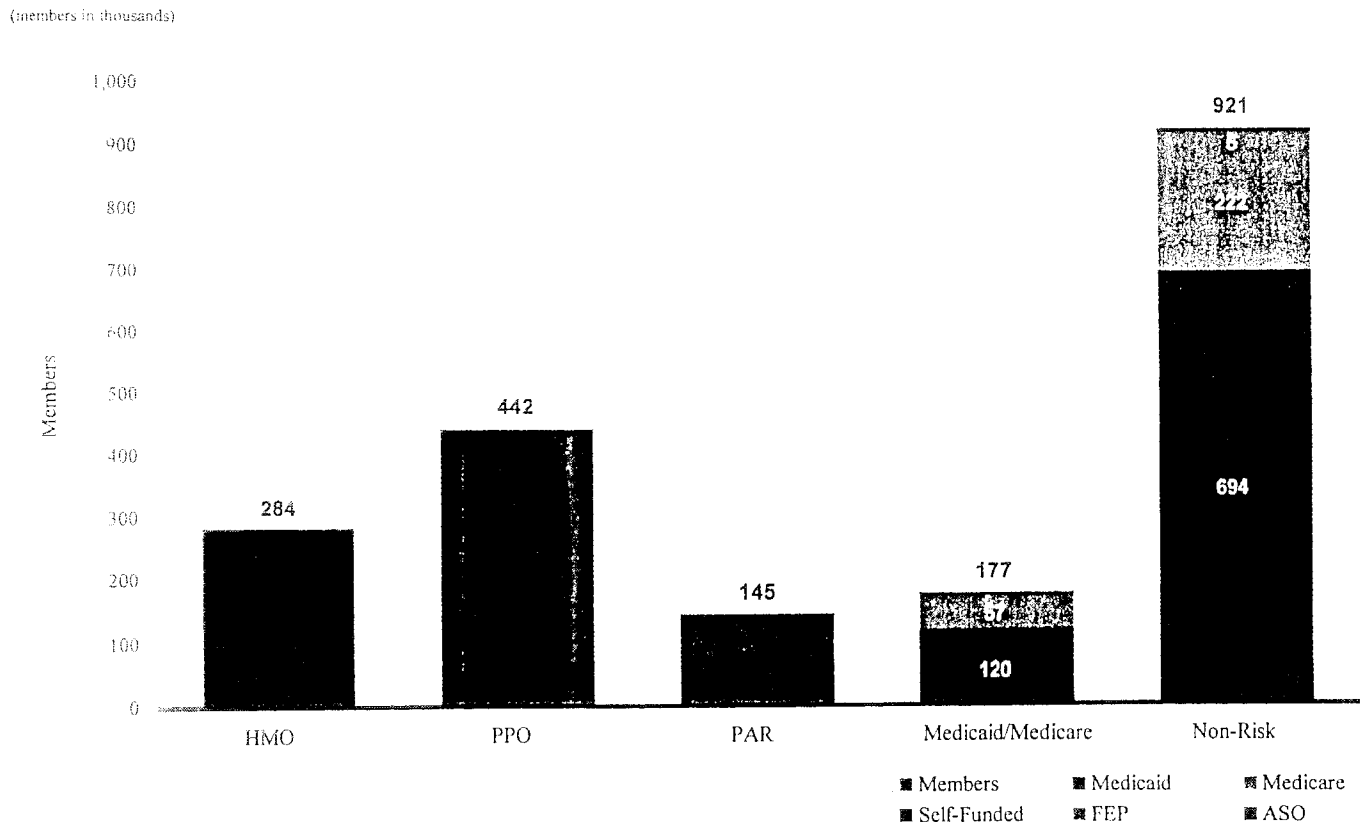
MEMBERSHIP BY PRODUCT



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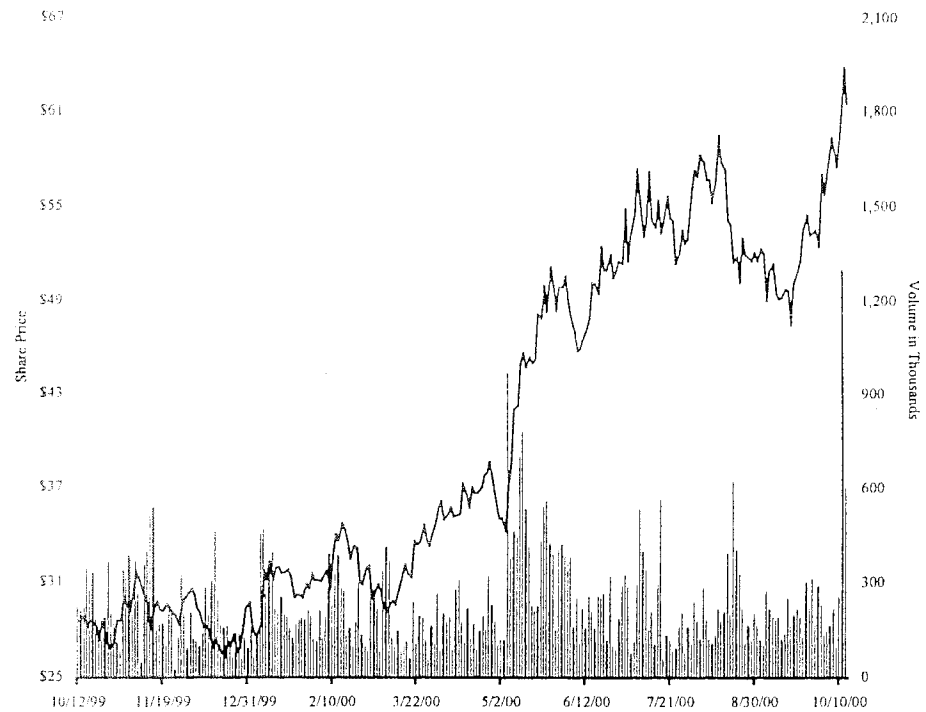
MARKET STATISTICS

DAILY FROM OCTOBER 12, 1999–OCTOBER 12, 2000



High: $64.00 Low: $26.06 Avg. Price: $40.28

MARKET DATA(1)

Ticker	TGH
Stock Price as of 10/12/00	$61.69
52 Week High	65.38
Low	25.81
Shares Outstanding (in millions)	37.6
Market Capitalization	$2,322
Enterprise Value	$2,182
2000 EPS (2)	$3.25
2001 EPS (2)	3.74
1999 Members	1.9
1999 Adjusted Members	1.3
Price/:	
Projected 2000 EPS	19.0x
Projected 2001 EPS	16.5
Enterprise Value/LTM:	
Revenues	0.9x
EBITDA	12.7
Members	$1,167.7
Adjusted Members	$1,733.4

(1) Market data as of October 12, 2000.
(2) IBES estimates as of October 12, 2000.

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PRELIMINARY ACCRETION/DILUTION ANALYSIS

DLJ has analyzed the impact on Trigon's earnings per share ("EPS") of an acquisition of CareFirst for stock and cash.

($ in millions, except per share amounts)

TRANSACTION ASSUMPTIONS	
Acquiror	Trigon
Target	CareFirst
Accounting	Purchase
Goodwill Amortization Period	20
Trigon Stock Price as of 10/12/00	$61.69
Purchase Price	$1,100
Interest Rate on Debt	9.0%
Interest Rate on Investments	5.0%
Transaction Expenses	$15.0
Tax Rate	32.5%
Combined Operating Expenses Pre-Synergies	($945)

PRO FORMA EARNINGS	2000	2001	2002
Acquiror Net Income	$118.5	$138.5	$159.8
Target Net Income	62.8	81.2	106.5
Pro Forma Net Income	181.3	219.7	266.3
Pre-Tax Adjustments			
Synergies	$50.0	$50.0	$50.0
Interest Expense on New Debt	(18.0)	(18.0)	(18.0)
Foregone Investment Income	(22.2)	(22.2)	(22.2)
Total Pre-Tax Adjustments	9.8	9.8	9.8
Tax Rate	32.5%	32.5%	32.5%
After-Tax Impact	6.6	6.6	6.6
Post-Tax Adjustments			
Less: Goodwill Amortization	($24.4)	($24.4)	($24.4)
Adjusted Pro Forma Net Income	$163.5	$201.9	$248.5
Acquiror Shares Outstanding	38.6	38.8	39.0
Equity Issued	$470	$470	$470
Acquiror's Stock Price	61.69	61.69	61.69
Additional Shares Issued	7.6	7.6	7.6
Pro Forma Shares Outstanding	46.3	46.5	46.6
Stand-Alone Earnings Per Share	$3.07	$3.57	$4.10
Pro Forma Earnings Per Share	3.53	4.35	5.33
Acquiror Accretion/(Dilution)	15.2%	21.9%	30.1%
Break-Even Pre-Tax Synergies	$18.0	($3.7)	($35.1)

SOURCES AND USES	
Sources:	
Excess Acquiror Cash (1)	$445
Debt	200
Common Stock	470
Total Sources	1,115
Uses:	
Purchase of Target Equity	$1,100
Transaction	15
Total Uses	1,115

FINANCIAL LEVERAGE	Trigon	Pro Forma
Total Debt/Book Capitalization	20.4%	24.6%
Total Debt/EBITDA	1.2x	4.1x
S&P Rating (2)	AA-	AA-

GOODWILL CALCULATION	
Purchase Price	$1,100
Transaction Expenses	15
Total Equity Merger Value	1,115
Total Shareholders' Equity as of June 30, 2000	627
Goodwill Created in Transaction	488
Annual Goodwill Amortization	24

RELATIVE OWNERSHIP	Shares	Percent
Trigon	38.6	83.5%
CareFirst	7.6	16.5%
Total	46.3	100.0%

ANALYSIS AT VARIOUS PRICES

	Company Data	Purchase Price $900	$1,000	$1,100	$1,200	$1,300	$1,400
Price to							
2000 Earnings	$63	14.3x	15.9x	17.5x	19.1x	20.7x	22.3x
2001 Earnings	81	11.1	12.3	13.5	14.8	16.0	17.2
1999 Book Value	627	1.4	1.6	1.8	1.9	2.1	2.2
Enterprise Value to							
2000 EBITDA	126	7.3	8.1	8.9	9.7	10.5	11.3

Note: Analysis assumes a $250 million cash component of the total $1.1 billion in consideration paid to the foundation, and that Trigon maintains its investment grade profile.

(1) Based on Trigon's 1999K, excess cash equals investment securities of $319.7 million plus extraordinary dividend of $125 million which was approved by the State Corporation Commission on January 7, 2000.

(2) Assumes Trigon will maintain its AA- S&P Rating after the transaction.

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