

January 21, 2003

The following Press Release is being issued today, January 21, 2003. It announces changes to the original merger agreement between CareFirst, Inc. and Wellpoint Health Networks, Inc. The revised agreement changes executive compensation to a retention program and increases the final purchase price by \$70 million, to an all-cash purchase price of \$1.37 billion. The Boards of Directors of both companies must approve the amended agreement by Friday, January 24.

We will continue to keep you informed of any changes as they occur. As always, if you have any questions, please contact your broker sales representative.



Shekar Subramaniam
Director, Broker Sales

For Immediate Release

WELLPOINT HEALTH NETWORKS INC. AND CAREFIRST, INC. BOARDS OF DIRECTORS TO CONSIDER AMENDED AND RESTATED MERGER AGREEMENT PROPOSED \$70 MILLION PURCHASE PRICE INCREASE

WellPoint Health Networks Inc. and CareFirst, Inc. have agreed to present to their respective Boards of Directors for approval on or before Friday, January 24, 2003 an Amended and Restated Agreement and Plan of Merger between the two organizations. The proposed form of Amended Merger Agreement is being filed with insurance regulators as an amendment to the pending Form A applications relating to this transaction. Principal changes from the original agreement signed in November 2001 include the following:

- The consideration for the transaction would be paid fully in cash (up to \$850 million of which could be raised in a WellPoint financing transaction) unless stock or other non-cash consideration is allowed under applicable law. Maryland law now provides that the consideration for the transaction must be all cash.
- The closing of the transaction would be conditioned on certain executive compensation plans and agreements with CareFirst executives being revised as provided in the Amended Merger Agreement. The revisions provide that at the closing of the transaction CareFirst's Merger Incentive Plan will be rescinded and that the Employment Agreements between CareFirst and its eight senior executives will be terminated. Those executives' participation in CareFirst's Long-Term Incentive Plan and its Supplemental Executive Retirement Plan would also be terminated. The executives would enter into two-year retention agreements with WellPoint at the closing of the transaction. The executive payments would not be made by any licensed insurance entity in Maryland, the District of Columbia or

Delaware but would instead be borne by WellPoint itself. The specifics of these revisions are included as part of the Amended Merger Agreement.

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WellPoint-CareFirst Announcement

Page 2

- For a 60-day period following the signing date of the Amended Merger Agreement, WellPoint would waive any termination or breakup fee payable by CareFirst (except for reimbursement of certain expenses) if CareFirst accepts a superior proposal from another party. WellPoint would retain its right to match any other proposal.
- As a result of these changes, the consideration payable would be increased by \$70 million to \$1,370,000,000.

WellPoint and CareFirst believe that these changes eliminate the issues raised by the consultants to the Maryland Insurance Administration regarding the appropriateness and legality of the CareFirst compensation programs and the form of the consideration payable under the Merger Agreement. As a result, the focus of the discussion now can be on the benefits of this transaction to the citizens of Maryland, Delaware and the District of Columbia, including the opportunities for improved health care services and for a substantial financial return to these jurisdictions which can be used for health care and other purposes.

No assurances can be made, or are given, that the Amended Merger Agreement will be approved by the respective Boards of Directors of WellPoint or CareFirst or that it will be approved without any changes thereto.

CareFirst, Inc., an independent licensee of the Blue Cross and Blue Shield Association, is a not-for-profit health care company which, along with its affiliates and subsidiaries, offers a comprehensive portfolio of health insurance products, direct health care and administrative services to nearly 3.2 million individuals and groups in Northern Virginia, the District of Columbia, Maryland and Delaware. For more information, visit the CareFirst web site at www.carefirst.com.

With more than 17,000 associates, WellPoint Health Networks Inc. serves the health care needs of more than 13 million medical members and approximately 46 million specialty members nationwide through Blue Cross of California, Blue Cross and Blue Shield of Georgia, Blue Cross and Blue Shield of Missouri, HealthLink and UNICARE. WellPoint offers a broad spectrum of quality network-based health products including open access PPO, POS and hybrid products, HMO and specialty products. Specialty products include pharmacy benefit management, dental, utilization management, vision, mental health, life and disability insurance, long term care insurance, flexible spending accounts, COBRA administration, and Medicare supplements. WellPoint may be found on the web at www.wellpoint.com. Blue Cross of California, Blue Cross and Blue Shield of Georgia, and Blue Cross and Blue Shield of Missouri, are independent licensees of the Blue Cross and Blue Shield Association.

Cautionary Statement: Certain statements contained in this press release are forward-looking statements. Actual results or events could differ materially due to, among other things, failure by the Board of Directors of either WellPoint or CareFirst to approve an amended merger agreement, operational and other difficulties associated with integrating acquired businesses, business conditions and competition among managed care companies, rising health care costs, trends in medical loss ratios, health care reform and other regulatory issues, and the timing of receipt of regulatory, shareholder and other approvals. Additional risk factors are listed from time to time in WellPoint's various SEC reports, including, but not limited to, WellPoint's Annual Report on Form 10-K for the year ended December 31, 2001.

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