

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

These disclosure schedules are provided in connection with the Agreement and Plan of Merger (the “*Agreement*”) dated as of November 20, 2001, by and among WellPoint Health Networks Inc., CareFirst, Inc. and Congress Acquisition Corp. Terms not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

The representations and warranties of CareFirst, Inc. in the Agreement are made and given subject to the disclosures contained within these disclosure schedules. The mere inclusion of an item in these disclosure schedules as an exception to a representation or warranty shall not be deemed an admission by CareFirst, Inc. that such item represents a material exception or fact, event or circumstance or that such item is reasonably likely to result in a Material Adverse Effect.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.1 Organization, Qualification and Authorization

Name of Subsidiary	Jurisdiction of Formation	Qualified	Equity Ownership/Control ¹
Group Hospitalization and Medical Services, Inc. (“ <i>BCBS-NCA</i> ”)	Federal Charter	DC, MD, VA	CareFirst is the sole member
The GHMSI Companies, Inc. (“ <i>The GHMSI Companies</i> ”)	DC	MD, VA	BCBS-NCA
Capital Area Services Company, Inc.	WVA	DC	The GHMSI Companies
National Capital Insurance Agency, Inc.	VA	DE, DC, MD	The GHMSI Companies
National Capital Administrative Services, Inc.	DC	MD, VA	The GHMSI Companies
Access America, Inc.	DE	DC, MA	BCBS-NCA
CareFirst BlueChoice, Inc. (“ <i>CareFirst BlueChoice</i> ”)	DC	MD, VA	The GHMSI Companies
CapitalCare, Inc. (“ <i>CapitalCare</i> ”)	VA	--	BCBS-NCA
CareFirst of Maryland, Inc. (“ <i>BCBS-MD</i> ”)	MD	--	CareFirst is the sole member
CFS Health Group, Inc. (“ <i>CFS Health Group</i> ”)	MD	--	BCBS-MD
Free State Health Plan, Inc. (“ <i>FSHP</i> ”)	MD	DC	CFS Health Group
Patuxent Medical Group, Inc.	MD	--	FSHP
Preferred Health Network of Maryland, Inc. (“ <i>PHN</i> ”)	MD	DC	FSHP
PHN HMO, Inc.	MD	DC	PHN
PHN Services, Inc.	MD	DC	PHN
PHN PPO, Inc.	MD	--	PHN
Delmarva Health Plan, Inc.	DE	MD	CFS Health Group
Columbia Free State Dental Plan, Inc.	MD	--	FSHP
Potomac Physicians, P.A.	MD	--	See footnote 2
First Care, Inc.	MD	--	CFS Health Group
GreenSpring Mental Health Services, Inc.	MD	--	BCBS-MD

¹ Unless otherwise stated, the designated entity holds all of the outstanding equity interests of the named company.

² Stock is held by physicians affiliated with BCBS-MD or one of its subsidiaries.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Willse & Associates, Inc. (“ <i>Willse</i> ”) (d/b/a CareFirst Administrators)	MD	DE, DC, PA, TX, VA	BCBS-MD
HLI, Inc.	MD	--	BCBS-MD
Timonium Office Building Limited Partnership	MD	--	See footnote 3
Three Owings Mills Corporate Center Limited Partnership	MD	--	See footnote 4
Four Owings Mills Corporate Center Limited Partnership	MD	--	See footnote 5
The Michelsen Group, Inc.	NC	--	Willse
BCBSD, Inc. (“ <i>BCBSD</i> ”)	DE	Cayman Islands	CareFirst is the sole member
The Gateway Group, Ltd.	DE	--	BCBSD
Allnation Insurance Agency, Inc.	DE	PA	BCBSD
Allnation Delaware Insurance Agency, Inc.	DE	--	BCBSD

³ CFS Health Group is the sole general partner and Willse is the sole limited partner.

⁴ BCBS-MD is a limited partner. Three Owings Mills Corporate Center, Inc. is the sole general partner.

⁵ BCBS-MD is a limited partner. Four Owings Mills Corporate Center, Inc. is the sole general partner.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.4(a) No Violation; Consents and Approvals

1. Amended and Restated Credit Agreement, dated December 31, 1998, as amended, by and among SunTrust Bank (f/k/a Crestar Bank), Group Hospitalization and Medical Services, Inc., CareFirst of Maryland, Inc. and CFS Health Group, Inc.
2. Patuxent Medical Group, P.A. Employment Agreement, dated March 17, 1986, as amended, by and among Patuxent Medical Group, P.A., a Maryland professional corporation, Columbia Medical Plan, Inc., a Maryland corporation certified under the Maryland Health Maintenance Organization Act and individual medical doctors. This agreement requires notification to the other parties to the contract about the merger transaction, but not their consent.
3. Contract for Federal Employees Health Benefits, as amended, Contract No: CS 1039; Effective: January 1, 1960, between The United States Office of Personnel Management and Blue Cross and Blue Shield Association Service Benefit Plan.
4. Professional Liability Insurance: Professional Liability Program, including Directors and Officers Liability and Employment Practices Liability; Policy Number – D/O 011 190; Insurer – BCS Insurance Co.
5. Workers Compensation Policy: Policy Number – D/O 001 190; Insurer - Twin City Fire Insurance Company.
6. Blue Cross License Agreement, dated December 17, 1997 by and between Blue Cross and Blue Shield Association and The Blue Cross Plan, known as CareFirst, Inc.
7. Blue Cross Controlled Affiliate License Agreement, dated December 17, 1997 by and between Blue Cross and Blue Shield Association and the following Controlled Affiliates: CareFirst of Maryland, Inc., CareFirst BlueChoice, Inc., Free State Health Plan, Inc. and BCBS-NCA.
8. Insurance Commissioner Orders requiring approval of the transaction are as follows:
 - a. State of Delaware, Department of Justice Order, dated March 20, 2000, approving the business combination of CareFirst, Inc. and Blue Cross and Blue Shield of Delaware.
 - b. Maryland Insurance Commissioner Order, dated March 21, 2000, Case Number MIA-183-3/00, approving the business combination of CareFirst, Inc. and Blue Cross and Blue Shield of Delaware.
 - c. Maryland Insurance Commissioner Order, dated December 23, 1997, Case Number MIA-240-12/97, approving the business combination of Blue Cross and Blue Shield of Maryland and Group Hospitalization and Medical Services, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

- d. Government of the District of Columbia, Department of Insurance and Securities Regulation Decision and Order, dated December 23, 1997, Case Number A-HC-97-01, approving the business combination of Blue Cross and Blue Shield of Maryland and Group Hospitalization and Medical Services, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.5(a) Financial Statements

First, Second and Third Quarters, 2001 Reports (Unaudited)*

CareFirst, Inc. and Affiliates – Consolidated GAAP & Statutory Basis

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP

Delaware

BCBSD, Inc. and Subsidiaries – Consolidated GAAP

** Includes balance sheet and statements of operations and cash flows.*

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

2000 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP & Statutory Basis

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP

Willse & Associates, Inc. and Subsidiary – Consolidated GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis

Free State Health Plan, Inc. – Statutory Basis

Delmarva Health Plan, Inc. – Statutory Basis

PHN-HMO, Inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP

CareFirst BlueChoice, Inc. – GAAP

National Capital Administration Services, Inc. and Subsidiary – Consolidated GAAP

National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization Medical Services, Inc. and Subsidiaries – Statutory Basis

CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

Delaware

BCBSD, Inc. and Subsidiaries – Consolidated GAAP

BCBSD, Inc. and Subsidiaries – Statutory Basis

Allnation Insurance Company – GAAP

Allnation Insurance Company – Statutory Basis

** Includes balance sheet and statements of operations and cash flows.*

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

1999 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP

Patuxent Medical Group, Inc. – GAAP

Willse & Associates, Inc. and Subsidiary – Consolidated GAAP

Potomac Physicians, P.A. – GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis

Free State Health Plan, Inc. – Statutory Basis

Delmarva Health Plan, inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Consolidated GAAP

CareFirst BlueChoice, Inc. – GAAP

National Capital Administrative Services, Inc. and Subsidiary – Consolidated GAAP

National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Statutory Basis

CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

** Includes balance sheet and statements of operations and cash flows.*

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

1998 Reports*

CareFirst, Inc. and Affiliates – Consolidated GAAP

Maryland

CareFirst of Maryland, Inc. and Subsidiaries – Consolidated GAAP

CFS Health Group, Inc. and Subsidiaries – Consolidated GAAP

Patuxent Medical Group, Inc. – GAAP

Willse & Associates, Inc. – GAAP

Potomac Physicians, P.A. – GAAP

Willse & Associates, Inc. – SAS 70 Review

CareFirst of Maryland, Inc. and Subsidiaries – Statutory Basis

Free State Health Plan, Inc. – Statutory Basis

Delmarva Health Plan, Inc. – Statutory Basis

Washington, D.C.

Group Hospitalization and Medical Services, Inc and Subsidiaries Consolidated GAAP

CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – GAAP

National Capital Administrative Services, Inc. and Subsidiary – Consolidated GAAP

National Capital Insurance Agency, Inc. – GAAP

Group Hospitalization and Medical Services, Inc. and Subsidiaries – Statutory Basis

CareFirst BlueChoice, Inc. (formerly CapitalCare, Inc.) – Statutory Basis

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**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.6(a)(ii) Reserves

At December 31, 2000, Preferred Health Network of Maryland, Inc. ("**PHN**") did not meet the Maryland Insurance Administration reserve requirements. However, as of September 30, 2001, PHN reserves are at 216% of risk-based capital, funded through earnings.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.6(a)(iii) Reserves

PHN did not meet the reserve requirements of BCBSA at December 31, 2000; however, it met such requirements as of March 2001.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.7(b) Taxes

In 1993, BCBS-NCA overstated its losses by \$39,183,626 on its federal income tax filing. In 1994, BCBS-NCA corrected its error by reducing the net operating loss carry-forward by the same amount on a subsequently filed income tax statement.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.7(c) Taxes

On October 30, 2001, BCBS-MD entered into a settlement with the State of Maryland Sales & Use Tax Division (the "Maryland Tax Division"), regarding an audit for the period of February 1, 1997 to January 31, 2001, in amount of \$259,678.10, which amount includes \$60,930.67 of interest BCBS-MD did not have to pay any penalties, which were waived because of the State of Maryland recent tax amnesty program.

The Maryland Tax Division notified BCBS-MD that Willse & Associates, Inc. will be audited for the period November 1, 1997 to October 31, 2001. BCBS-MD and Willse are compiling the required information for a meeting with the Maryland Tax Division scheduled for November 26, 2001. At this time, an amount at risk has not been projected.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.8(a),(b) Absence of Certain Changes or Events

1. In the first quarter of 2001, Free State Health Plan sold its pharmacy operations for \$2,979,000 to a non-affiliated third party.
2. BCBSD sold Allnation Insurance Company and Allnation Global Insurance Agency, Inc. to Barbados Life Assurance Society on October 31, 2001. BCBSD also will dissolve Allnation Delaware Insurance Agency, Inc. no later than December 31, 2001.
3. Managed Care Re-Positioning: As a result of CareFirst's Managed Care Re-Positioning initiatives, Patuxent Medical Group and Potomac Physicians, P.A. are changing from a capitated reimbursement to a fee-for-service model. As a result of this effort, Free State Health Plan (a capitated model HMO) likely will merge into CareFirst BlueChoice, Inc. (a fee-for-service model HMO), which will become CareFirst's regional HMO. In the process, Free State and Delmarva likely will exit their individual and small group market segments in Maryland and Delaware and give up Delmarva's certificate of authority to operate in Delaware. CareFirst expects to consummate all of its Managed Care Repositioning initiatives referred to herein by December 31, 2002. In connection with the repositioning, Free State Health Plan has informed the Office of Personnel Management ("**OPM**") that it will no longer participate in the Federal Employees Health Benefits Program and CareFirst BlueChoice has requested from OPM a change from community rating to experience rating.

CareFirst BlueChoice currently has approximately 4,000 subscribers in an area in Virginia in which Trigon Healthcare, Inc. holds the exclusive BCBSA right to use of the "Blue" brand. BCBS-NCA has applied to the appropriate Virginia regulatory agency for approval of a license to operate a new health maintenance organization in Virginia without the "Blue" brand in order to service the CareFirst BlueChoice subscribers.

4. BCBS-NCA has agreed to pledge \$1.65 million as collateral to secure obligations to BCS Life Insurance Co. in connection with long term care contracts issued by BCBS-NCA to members of B'nai Brith and administered by BCS Life Insurance Co.
5. On September 28, 2001, BCBS-MD received a draft report from Carmichael, Brasher, Tuvell and Company challenging \$4 million in Medicare claimed costs for fiscal years 1996-1999. BCBS-MD estimates the risk of loss to be \$637,000 and has established a \$627,000 reserve.
6. See also Section 4.12 disclosure schedule (including final Merger Incentive Plan, Retention Bonus Plan and Severance Plan).

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.9(b) Litigation; Judicial Proceedings

Case Name/Matter

1. BCBS-NCA v. OPM Final Decisions 149, 150 & 151
2. William and Judith Moore, individually and as parents and guardians of Alistaire Moore v. CapitalCare, Inc. (currently named CareFirst BlueChoice, Inc.) & BCBS-NCA
3. U.S. v. BCBS-NCA
4. Barbara M. Rubin v. BCBS-NCA
5. Boone v. CareFirst and John Doe Cleaning Vendor
6. Dehn v. BCBS-MD
7. Herbert Martello v. BCBS-MD and EDS
8. ElderHealth v. FSHP
9. Virginia Academy v. BCBS-NCA
10. McKandes v. BCBS-NCA and CapitalCare, Inc. (currently named CareFirst BlueChoice, Inc.)
11. American Radiology Services v. Patuxent Medical Group, Inc. and Free State Health Plan, Inc.
12. Jane and John Doe v. BCBS-MD
13. Susan Doe v. BCBS-MD
14. Alicia Smith v. Willse & Associates, Inc.
15. DHMH and Baltimore Medical Services v. FSHP
16. Dahne v. BCBS-MD
17. Larry Watts v. BCBS-MD
18. FSHP v. Dimensions Health Network

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

19. HUB Realty Funding, Inc. v. BCBS-NCA
20. REIT Management and Research, Inc. v. BCBS-NCA

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.10(b) Compliance with Law

See Section 4.4(a) disclosure schedule for Insurance Commissioner Orders.

MATERIAL PERMITS, LICENSES AND APPROVALS

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Maryland Certificate of Authority - to transact the business of a Health Maintenance Organization	Maryland Insurance Administration	CareFirst BlueChoice, Inc.
DC Certificate of Authority - to transact the business of a Health Maintenance Organization	DC Department of Insurance and Securities Regulation	CareFirst BlueChoice, Inc.
Virginia License - to transact the business of a Health Maintenance Organization and operate one or more MCHIP	Commonwealth of Virginia, State Corporation Commission – Bureau of Insurance	CareFirst BlueChoice, Inc.
Maryland Certificate of Authority – to transact the business of a Non-Profit Health Service Plan	Maryland Insurance Administration	Group Hospitalization and Medical Services, Inc.
DC Consent Order - granting authority to transact the business of a Hospital Services Corporation	DC Department of Insurance and Securities Regulation	Group Hospitalization and Medical Services, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Virginia License - to transact the business of a Health Services Plan and operate one or more MCHIP	Commonwealth of Virginia, State Corporation Commission – Bureau of Insurance	Group Hospitalization and Medical Services, Inc.
DC Certificate of Authority - to transact the business of a Health Maintenance Organization	DC Department of Insurance and Securities Regulation	Free State Health Plan, Inc.
Maryland Certificate of Authority - to transact the business of a Health Maintenance Organization	Maryland Insurance Administration	Free State Health Plan, Inc.
Virginia License - to transact the business of a Life and Health Insurance Agent	Commonwealth of Virginia, State Corporation Commission – Bureau of Insurance	National Capital Insurance Agency, Inc.
Maryland Certificate of Authority - to transact the business of a Health Maintenance Organization	Maryland Insurance Administration	Delmarva Health Plan, Inc.
Delaware Certificate of Authority - to transact the business of a Health Maintenance Organization	Delaware Insurance Department	Delmarva Health Plan, Inc.
Private Review Agency License	Maryland Insurance Administration	Delmarva Health Plan, Inc.
Maryland Certificate of Authority - to transact the business of a Non-Profit Health Service Plan	Maryland Insurance Administration	FirstCare, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Maryland Certificate of Authority - to transact the business of a Non-Profit Health Service Plan	Maryland Insurance Administration	CareFirst of Maryland, Inc.
Registered as Physician's Practice Group	Maryland Insurance Administration	Patuxent Medical Group, Inc.
Private Review Agency License	Maryland Insurance Administration	Patuxent Medical Group, Inc.
Registered as Physician's Practice Group	Maryland Insurance Administration	Potomac Physicians, PA
Private Review Agency License	Maryland Insurance Administration	Potomac Physicians, PA
Delaware License - to transact the business of a Non-Profit Health Service Plan	Delaware Insurance Department	BlueCross BlueShield of Delaware Inc.
Maryland Certificate of Authority - to transact the business of a Non-Profit Health Service Plan	Maryland Insurance Administration	CareFirst, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Private Review Agency License	Maryland Insurance Administration	Preferred Health Network of Maryland, Inc.
Delaware License - Life and Health Insurance Agency	Delaware Insurance Department	Allnation Insurance Agency, Inc.
Pennsylvania License - Life and Health Insurance Agency	Pennsylvania Insurance Department	Allnation Insurance Agency, Inc.
Maryland Certificate of Authority - Health Maintenance Organization	Maryland Insurance Administration	PHN HMO, Inc.
Maryland Certificate of Qualification - Third Party Administrator	Maryland Insurance Administration	PHN Services, Inc.
Virginia Certificate of Authority - to transact business	Commonwealth of Virginia, State Corporation Commission	PHN Services, Inc.
DC Certificate of Authority - to transact business as a Health Maintenance Organization	DC Department of Insurance and Securities Regulation	PHN HMO, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Health Maintenance Organization Service Area Approvals	Maryland Department of Health and Mental Hygiene	<p>PHN HMO, Inc. (regarding Baltimore City and Anne Arundel, Baltimore, Carroll, Harford and Howard Counties)</p> <p>Calvert County (regarding Cecil, Charles, Frederick, Prince George's, Montgomery and St. Mary's Counties)</p>
Maryland License - Third Party Administrator	Maryland Insurance Administration Certification of Qualification	National Capital Administrative Services, Inc.
Maryland License - Third Party Administrator	Maryland Insurance Administration Certification of Qualification	Willse & Associates, Inc.
DC License - Insurance	DC Department of Insurance and Securities Regulation	National Capital Administrative Services, Inc.
DC License - Insurance	DC Department of Insurance and Securities Regulation	Willse & Associates, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
Maryland License - Resident Agent	Maryland Insurance Administration Certification of Qualification	Willse & Associates, Inc.
Pennsylvania License - Insurance Administrator	Commonwealth of Pennsylvania Insurance Department	Willse & Associates, Inc.
Virginia License – Life & Health Insurance Agent	Commonwealth of Virginia, State Corporation Commission	Willse & Associates, Inc.
Virginia License - Life & Health Insurance Agent	Commonwealth of Virginia, State Corporation Commission	National Capital Administrative Services, Inc.
North Carolina Registration - Third Party Administrator	State of North Carolina Department of Insurance	The Michelsen Group, Inc. D/B/A NCAS
South Carolina License - Insurance Agency	South Carolina Department of Insurance	The Michelsen Group, Inc. D/B/A NCAS
Texas Registration - Third Party Administrator	Texas Department of Insurance	Willse & Associates, Inc. D/B/A CareFirst Administrator
Delaware Registration - Insurance Agent	State of Delaware	Willse & Associates, Inc.
Virginia License - Life & Health Insurance Agent	Commonwealth of Virginia State Corporation Commission	National Capital Insurance Agency, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TYPE OF LICENSE/PERMIT/APPROVAL	ISSUED BY	ISSUED TO
DC License - Insurance	DC Government	National Capital Insurance Agency, Inc.
DC License	DC Department of Insurance and Securities Regulation	National Capital Insurance Agency, Inc.
Certificate of Qualification - Nonresident Agent Firm	Maryland Insurance Administration	National Capital Insurance Agency, Inc.
Certificate of Authority - Delaware Insurance Agent Certificate of Qualification - Medical	State of Delaware	National Capital Insurance Agency, Inc. Delmarva Health Plan, Inc., Director – Lane Wroth, M.D.
Private Review Agency License	Maryland Insurance Administration	Group Hospitalization and Medical Services, Inc.
Private Review Agency License	Maryland Insurance Administration	CareFirst BlueChoice, Inc.
Private Review Agency License Private Review Agency License	Maryland Insurance Administration Maryland Insurance Administration	Free State Health Plan, Inc. CareFirst of Maryland, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.11(a) Certain Contracts and Commitments

TOP 25 CUSTOMER CONTRACTS:

1. State of Maryland
2. City of Baltimore
3. Baltimore County Government
4. State of Delaware
5. MBNA America
6. Federal Employees Program
7. Verizon
8. Prince George's County Public Schools
9. Aerotek
10. GEICO
11. Fairfax County Public Schools
12. Integrated Health Services
13. Anne Arundel County Board of Education
14. Montgomery County Government
15. Harford County
16. Fairfax County Government
17. Montgomery County Public Schools
18. BCBS-MD
19. Johns Hopkins Hospital
20. Transit Employees Health & Welfare Fund
21. Anne Arundel County
22. US Office Products
23. BG&E
24. Medstar
25. Northrup Grumman ESSD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

TOP 25 PROVIDER SYSTEM CONTRACTS:

1. Medstar
2. Johns Hopkins Health System
3. Christiana Care Health Services
4. University of Maryland Medical Center
5. INOVA
6. LifeBridge Health System
7. GBMC
8. Adventist Healthcare
9. St. Joseph
10. Bayhealth Medical Center
 - Kent General Hospital
 - Milford Memorial Hospital
11. Anne Arundel Medical Center
12. Mercy Medical Center
13. Alfred I. DuPont Hospital for Children
14. Peninsula Regional
15. St. Agnes Healthcare, Inc.
16. George Washington University Hospital
17. Sibley Memorial Hospital
18. Genesis Facilities
19. Holy Cross
20. Suburban
21. Columbia Arlington Hospital
22. Southern Maryland Hospital
23. Dimensions Healthcare System
24. Beebe Medical Center
25. Upper Chesapeake Health System

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

LARGEST PROVIDER VENDOR CONTRACTS

1. Advance/PCS—BCBS-MD & BCBS-NCA
2. Advance/PCS—BCBSD
3. Milliman & Robertson
4. Health Management Corporation
5. QO
6. Neighborcare/Genesis
7. Magellan Behavioral Health
& Value Options (Health Management Strategies)
8. MEC Healthcare
9. American Psych Services
10. The Dental Network

SERVICES PROVIDED

Pharmacy Benefit Management
Pharmacy Payment
Administration
Case & Utilization Management
Disease Management Services
Cancer disease management
DME, Home Health, Infusion,
Skilled Nursing, Outpatient
Therapy
Mental Health & Substance
Abuse
Primary Vision & Ophthalmology
Mental Health & Chemical
Dependency services
Dental

**MATERIAL VENDOR CONTRACTS: VENDORS WITH ADMINISTRATIVE EXPENSES GREATER THAN \$1,000,000;
SERVICES PROVIDED TO CAREFIRST OR ONE OF ITS AFFILIATES**

<u>VENDOR</u>	<u>GENERAL DESCRIPTION</u>	<u>CONTRACT WITH</u>
1. Accenture (formerly Andersen Consulting)	IT Consulting & Service: e-Architecture & e-Distribution	CareFirst
2. Adecco Employment Services	Temporary Help Services	BCBS-MD & BCBS-NCA
3. Airport Square XIX, LLC	Lease Agreements	Preferred Health Network
4. Allianz Life Insurance Co. of North America	Reinsurance	PHN
5. Ascendia Healthcare Management	Billing & Collection Services for Patuxent Medical Group	Patuxent Medical Group
6. The Barrington Group, Ltd.	Market Flex Benefit Services for National Capital Insurance Agency, Inc.	National Capital Insurance Agency, Inc.
7. Bell Atlantic Network Services	Telephone—Local Service	CareFirst BCBS-MD
8. BenefitNation, Inc.	Typesetting & Directory Printing	CareFirst BCBS
9. Christiana Care Health Services, Inc.	Lease to 200 Hygeia Drive	BCBSD
10. Columbia Management, Inc.	Lease to 9100 Guilford Rd. (RiversPark)	BCBS-MD
11. Computer Associates International, Inc.	Software Programs Licenses	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

12. Del-Mont Partners, L.P.	Lease to 1011 Center Road	BCBSD
13. WebMD	Managed Care Transactions	CareFirst
14. FirePond, Inc.	e-Distribution Consulting & Software	BCBS-MD
15. Foulkstone Partnership	Lease to 1401 Foulk Road Lease to 1413 Foulk Road	BCBSD
16. Four Owings Mills Corp. Center, L.L.P.	Lease to Owings Mills II	BCBS-MD
17. Haworth/Total Office	Purchase, Installation of Office Furniture & Components and Furniture Lease	BCBS-NCA and PHN
18. HBOC-McKesson	Software Maintenance Vendor	BCBS-MD
19. Health Ink, L.L.C.	On-line Health Service	BCBS-MD
20. HSA Managed Care Systems, Inc.	IT Consulting & Vendor services	BCBS-NCA
21. TriZetto Group, Inc.	Intellectual Property License	PHN
22. Hub Properties Trust	Lease to 100 South Charles St.	CFS Health Group
23. IBM	Mainframe Software Agreement	BCBS-MD
24. Jetsort	Automated Mail Processing Services	BCBS-MD
25. The MEDSTAT Group, Inc.	Medical Decision/Provider Profiling Software	BCBS-MD
26. National Account Service Company	User fees—National Claims System	BCBS-MD
27. TriZetto Group, Inc.	Management & Administrative Services	PHN
28. Parcel 49B Limited Partnership	Office Lease Agreement: 1250 & 1280 Maryland Avenue, S.W., Washington, D.C.	BCBS-NCA
29. Recognition Research, Inc.	Form Processing Software	BCBS-MD
30. Three Owings Mills Land Limited Partnership	Lease to Owings Mills I	BCBS-MD
31. Timebridge Technologies	PC Equipment	BCBS-NCA
32. Trahan, Burden, & Charles, Inc.	Advertising Agency—Television	BCBS-MD
33. Williams Communications	Communications Equipment Purchase & Maintenance Agreement	BCBS-NCA
34. Lloyd's	Medical Reinsurance	BCBSD
35. Verizon	Telephone Services	BCBSD
36. Fast & Associates, Inc.	Advertising services	Preferred Health Network
37. FCB Worldwide	Marketing & advertising services	CareFirst
38. Mathew Greenwald & Associates, Inc.	Surveys	CareFirst
39. The MEDSTAT Group, Inc.	Medical Decision/Provider Profiling Software	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

40. Professional Research Consultants	Telephone Surveys	CareFirst
41. Reynolds & Reynolds Company	Electronic Printing	Preferred Health Network
42. Sigma Consultants	Software Service & Maintenance	CareFirst Insurance Agency
43. Sungard Recovery Services, Inc.	IT disaster recovery services	BCBS-MD
44. The TriZetto Group	Practice Management Services	Potomac Physicians, P.A.
	IT & Management Services	Preferred Health Network
45. Software House International	Software Supplier	
46. Recognition Research Inc	Consultants for Imaging System	
47. Corporate Express Imaging	Toner for Laser Printers	
48. Comsys	Contract Programmer Preferred Staffing Agreement	FEP
49. Cornell	Contract Programmer Preferred Staffing Agreement	FEP
50. Microsoft	Software House International	BCBS-MD
51. Network Security Consulting, LLC	IT consulting and services for security and HIPAA	BCBS-MD
52. Nextira LLC	Communications equipment purchase and maintenance	BCBS-NCA
53. RealMed Corporation	Claims software development	BCBS-MD

CAREFIRST AS "VENDOR"; MATERIAL CONTRACTS & COMMITMENTS; SERVICES PROVIDED BY CAREFIRST OR ONE OF ITS AFFILIATES

<u>CLIENT</u>	<u>GENERAL DESCRIPTION</u>	<u>CONTRACT WITH</u>
1. BCBSA/FEP	BCBS-NCA and BCBS-MD performs administrative services in support of the FEP program	BCBS-NCA and BCBS-MD
2. BCBSA/Medicare Part A Common Working File	BCBS-MD performs administrative services in support of Medicare A program; Operations Center Administrative Agreement	BCBS-MD
3. Medical Life Insurance Co.	NCIA performs marketing agent services for MLI	NCIA
4. Sierra Military Health Services, Inc.	Champus Health Services Sub-contract	PHN
5. BCBSA	Administration of claims, enrollment and decision support	BCBS-NCA

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

systems

INTERCOMPANY AGREEMENTS; SERVICES PROVIDED BETWEEN CAREFIRST ENTITIES

<u>AGREEMENT</u>	<u>GENERAL DESCRIPTION</u>	<u>PARTIES</u>
1. Administrative Functions Agreement	Affiliates' performance of administrative functions	BCBS-MD, CFS Health Group, CMP, Willse & Associates
2. Intercompany Agreement	Fund transfers & cost allocations	BCBS-MD & BCBS-NCA
3. Management Agreement	Management, marketing, claims processing services by CFS for the HMOs	CFS Health Group, FSHP, Delmarva Health Plan
4. Intercompany Revolving Line of Credit Agreement—with Notes	Revolving Line of Credit from BCBS-MD to CFS Health Group & FSHP	BCBS-MD, CFS Health Group, FSHP
5. Lease Agreement	Intercompany lease of Personal Property	BCBS-MD, CFS Health Group, CMP, Delmarva Health Plan
6. Guarantor Agreement	BCBS-MD Guaranty of FSHP obligations	FSHP, BCBS-MD
7. Preferred Health Network	Network Access Management	BCBS-MD
8. Preferred Health Network	Sales & Marketing Agreement	BCBS-MD
9. Preferred Health Network	Surplus notes for \$4,891,106 dated November 8, 2000, and \$8,200,000 dated February 23, 2001	Free State Health Plan, Inc.

“WILLSE & ASSOCIATES” D/B/A CAREFIRST ADMINISTRATORS

1. Facilities lease from Trammell Crow Company
2. Subscriber Services Agreement with Private Healthcare Systems, Inc.
3. Network Access Agreement with Alliance PPO
4. Subrogation Agreement with Subro Audit, Inc.
5. Administrative services agreement with Trans-General Life Insurance Company
6. Managed Care Agreement with FutureHealth Corporation
7. Automated Clearing House Agreement with Crestar
8. Services Agreement with HealthAxis.com, Inc.
9. System Support Agreement with basys, inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

ACQUISITION AGREEMENTS

1. Business Affiliation Agreement dated as of December 23, 1998, between CareFirst, Inc. and BCBSD, Inc.
2. Business Combination Agreement dated as of January 16, 1998, between BCBS-NCA, BCBS-MD and HOLDCO, Inc.

MATERIAL LOAN AGREEMENTS OR NOTES

1. Amended and Restated Credit Agreement, dated December 31, 1998, as amended, by and among SunTrust Bank (f/k/a Crestar Bank), Group Hospitalization and Medical Services, Inc., CareFirst of Maryland, Inc. and CFS Health Group, Inc. This is an open revolving credit facility with no outstanding balance as of November 19, 2001.
2. Note payable by BCBS-NCA to BCS Plan Investors Corporation ("BPIC"). As of November 19, 2001, CareFirst owes \$8.9 million plus interest on this Note, issued to ensure BPIC solvency.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.11(b) Certain Contracts and Commitments

Free State has contractual risksharing arrangements in place with the medical management groups for the Commercial, Medicare and Medicaid contracts. The total net outstanding receivable due Free State under these contracts as of October 31, 2001 was approximately \$3,559,934. There is an additional riskshare receivable of approximately \$4,327,377 for bankrupt/closed entities for which Free State is seeking recovery through legal means. The additional riskshare receivable is recorded on Free State's financial statements under "Premiums and other receivables" as a receivable. Further, this amount is fully reserved.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.12 Employee Plans; ERISA; Labor Matters

BENEFIT PLANS—RETIREMENT

<u>ERISA Plans-Retirement</u>	<u>Special Notes (as applicable)</u>
1. CareFirst of Maryland, Inc. Retirement Plan	Amended January 1, 1999, filed, awaiting determination letter
2. Group Hospitalization & Medical Services, Inc. Pension Trust Plan	Amended January 1, 1999, filed, awaiting determination letter
3. The CareFirst 401(k) Plan	Amended July 1, 1999, will file for determination letter by December 31, 2001
4. CareFirst, Inc. Supplemental Executive Retirement Plan	
5. CareFirst Executive Restoration Plan	
6. Group Hospitalization & Medical Services, Inc. Excess Benefit Plan	Frozen: no new participants
7. Group Hospitalization & Medical Services, Inc. Supplemental Executive Retirement Plan	Frozen: no new participants
8. Group Hospitalization & Medical Services, Inc. Top Hat Plan	Frozen: no new participants
9. Non-Contributory Retirement Plan for Certain Employees of BCBSD	See BCBSD- CareFirst Affiliation Agreement, Section 7.5 re “grandfathering.”
10. BCBSD Supplemental Executive Retirement Plan I	
11. BCBSD Supplemental Executive Retirement Plan II	
12. BCBSD Supplemental Executive Retirement Plan III	

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

BENEFIT PLANS-EMPLOYEE WELFARE PLANS:

CareFirst Section 125 Cafeteria Plan (excluding BCBSD) includes: Medical Insurance, Dental Insurance, Vision Insurance, Group Term Life, Voluntary Life Insurance, Group Voluntary Accidental Death & Dismemberment Insurance, Voluntary Accidental Death & Dismemberment Insurance, Flexible Spending Accounts, Supplemental Long Term Disability

OTHER CAREFIRST (EXCLUDING BCBSD) BENEFITS:

1. Retiree Medical, Dental and Life Insurance
2. Paid Time Off and Purchased Paid Time Off
3. Short Term Disability
4. Tuition Reimbursement
5. Travel Insurance
6. Patuxent Medical Group, Inc. Medical Insurance
7. Patuxent Medical Group, Inc. Life Insurance
8. Patuxent Medical Group, Inc. Disability Insurance
9. Voluntary Lifestyle Benefits (Carebridge, Zurich)
10. CareFirst Severance Program
11. Employee Assistance Program
12. Dependent Life Insurance
13. Supplemental Long Term Disability

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

CAREFIRST PENSION PLANS:

All CareFirst Pension Plans adhere to ERISA minimum funding standards. Due to asset fluctuations, plans may not be fully funded on a termination basis – based on the current estimated fair market value of the assets of such Plans and on the interest rates used in the calculation thereof. The most recent actuarial valuation of the CareFirst Pension Plans has been provided to Purchaser and reflects the funding status of the Plans at such date.

	BCBS-MD	BCBS-NCA	BCBSD	Total
Discount Rate	7.25%	7.25%	7.25%	7.25%
Accrued Benefit Obligation (“ABO”) as of 1/1/02*	131,591,692	180,957,777	43,063,045	355,612,514
Fair Value of Assets (9/30/01)	90,215,000	210,244,000	39,196,606	339,655,606
Unfunded (Overfunded) ABO	41,376,692	(29,286,223)	3,866,439	15,956,908

* Liabilities as of January 1, 2001, projected to January 1, 2002

ADDITIONAL AGREEMENTS AND PLANS:

1. Four BCBS-NCA Executive Term Life Insurance Policies
2. Board of Directors Benefit Plan
3. Medical Benefit Arrangements for the Becker Group
4. Supplemental Executive Retirement Payments for three former Maryland executives
5. Severance Plan
6. Retention Bonus Plan
7. Merger Incentive Plan

BCBSD EMPLOYEE WELFARE BENEFIT PLANS:

1. Non-Contributory National Long Term Disability Program
2. Group Life Insurance Program (See note)
3. Travel Accident Program

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

4. Educational Assistance Program
5. Group Dental Insurance Program (Dental Care)
6. Dental Health Plus Dental Benefit Program
7. Employee Assistance Program
8. Cafeteria Program
9. Health Care Spending Account Program
10. Severance Pay Program
11. Group Health Insurance Program (POS) (See Note)
12. Group Health Insurance Program (CMM 250) (See Note)
13. Group Health Insurance Program (CMM 200) (See Note)
14. Special Medicfill Health Insurance Program (See Note)
15. Adoption Assistance Program
16. Supplemental Life Insurance (See Note)
17. Dependent Life Insurance (See Note)
18. Flexible Spending Accounts

NOTE: See BCBSD-CareFirst Affiliation Agreement, Section 7.5 re "grandfathering."

EMPLOYMENT AGREEMENTS:

1. **CareFirst, Inc.; BCBS-NCA; BCBS-MD:**
William L. Jews, David Wolf, Gregory Devou, John Picciotto, G. Mark Chaney, Leon Kaplan, Sharon Vecchioni, Michael Felber
2. **The Michelsen Group, Inc.:**
W. James Michelsen
3. **Patuxent Medical Group Physicians (Original & Non-Original):**
BCBS-MD has employment agreements with both the Original and Non-Original Physicians associated with Patuxent Medical Group. Under the agreements with the Original Physicians, these physicians are entitled to assurances from any purchaser that a purchaser will take subject to these contracts and guarantee their performance.
4. **Potomac Physicians:** We have employment agreements with the physicians associated with Potomac Physicians, P.A.
5. **BCBSD:** Christine L. Alrich, John R. Castiglioni, D.O., William E. Kirk, III, Paul A. Kaplan, M.D. and Thomas F. Pruitt

STOCKHOLDER AGREEMENTS-POTOMAC PHYSICIANS:

1. Daniel Winn, M.D.
2. Carol Reynolds-Freeman, M.D.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

3. Roberta Braun, M.D.
4. Yvette Oquendo, M.D.

CHANGE OF CONTROL AGREEMENTS – CAREFIRST, BCBS-MD AND BCBS-NCA:

1. Booker Carter
2. Tom Rekart

CareFirst Severance Agreements: See Section 4.12(j)(ii) disclosure schedule.

CAREFIRST INCENTIVE PLANS (EXCLUDING BCBSD):

1. Sales
2. PMG Original Physician—Financial
3. PMG Original Physician—Service
4. Executive Long Term Incentive Plan
5. Annual Management Incentive Plan
6. Annual Associate Incentive Plan
7. CareFirst Administrators Productivity Pay Plan
8. Casci Productivity Pay Plan

BCBSD INCENTIVE PLANS:

1. All Associate Incentive Program
2. Director Incentive Program
3. Officer Annual Incentive Program
4. Officer Long Term Incentive Program
5. Sales / Marketing Incentive Program
6. Brokerage Manager Incentive Program
7. Quest for Quality Awards
8. FEP Incentive Program (Customer Service, Claims and Marketing)
9. Society of Actuaries Incentive Program

CAREFIRST CONTRIBUTIONS AND SELF-INSURED ARRANGEMENTS

1. CareFirst contributes to all of its employee benefit plans with the exception of the following (which are paid for by the employees):

CareFirst (excluding BCBSD):

- Voluntary Life Insurance
- Dependent Life Insurance

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

- Voluntary Accidental Death & Dismemberment Insurance
- Flexible Spending Accounts (however, CareFirst has to prefund these accounts until the employees pay the money in through payroll deduction throughout the plan year)
- Purchased Paid Time Off
- Voluntary Lifestyle Benefits
- Supplemental Long Term Disability

BCBSD:

- Supplemental Life Insurance
- Dependent Life Insurance
- Flexible Spending Accounts

2. The following plans are self-insured or are paid out of general assets:

CareFirst (excluding BCBSD):

- Medical Coverage (PHN, CareFirst BlueChoice, Inc., Point of Service)
- Dental Coverage
- Vision Coverage
- Flexible Spending Accounts (to the extent not reimbursed due to associate terminations)
- Short Term Disability
- Severance
- Tuition Reimbursement

BCBSD:

- Severance
- Educational Assistance
- Employee Assistance Plan
- Adoption Assistance
- All health options

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.12(f) Employee Plans; ERISA; Labor Matters

CareFirst is drafting The PMG Physician Welfare Plan summary plan description and expects to complete it by April 1, 2002.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.12(h)(iii) Employee Plans; ERISA; Labor Matters

The termination of the qualified plans requires notice, in excess of 30 days, (between 60-90 days) to affected parties such as:

- Each plan participant;
- Each beneficiary of a deceased plan participant; and
- Each alternate payee under a Qualified Domestic Relations Order.

In addition, after the Standard Termination Notice for the defined benefit plan has been filed with the PBGC, the PBGC has 60 days in which to review, and possibly nullify, the termination. The BlueCross and BlueShield of Delaware Retirement Plan cannot be terminated without providing a minimum of 90 days written notice to The National Employee Benefits Association, and such notice may require indemnification provisions.

CareFirst's qualified 401(k) plan can officially terminate in less than 30 days. As an administrative matter, termination of the qualified defined contribution plan would require a winding up period of more than 30 days. In addition, the IRS may take 6 months to a year to approve the termination, and the plan must continue to be administered during this period (no new contributions or participants).

Additionally, notice in excess of 30 days may have to be provided to FEP, CMS, and the local insurance commissioners in Maryland, Delaware and the District of Columbia.

While CareFirst's welfare benefit plans can generally be terminated in 30 days, there could be payment due for "claims run-out" after the 30 day period. CareFirst incurs approximately \$8,000,000 in quarterly claims expenditures.

The BCBSD SERP II plan (and related officer employment agreement) provides that if the plan is terminated, the participant must be given an opportunity to elect an early retirement option.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.12 (j)(i) Employee Plans; ERISA; Labor Matters

Applications for the BCBS-NCA and BCBS-MD pension plan determination letters have been filed with the IRS and are pending. An application for the CareFirst 401(k) Plan determination letter will be filed after additional amendments to the Plan are approved in 2001.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.12(j)(ii) Employee Plans; ERISA; Labor Matters

CareFirst may be obligated to pay separation, severance, termination or other benefits solely as a result of the consummation of the transactions contemplated by the Merger Agreement, in accordance with the terms of the Retention Bonus Plan, the Merger Incentive Plan and the Severance Plan, copies of which have been provided to Purchaser with the letter dated as of November 20, 2001 from CareFirst to Purchaser (the "**Letter**"), together with information regarding awards under such plans, a listing of the types of participants eligible under the Retention Bonus Plan and forms of letters of participation under the Merger Incentive Plan.

Additionally, as of November 20, 2001, CareFirst has severance liabilities totaling \$1,299,147.58 to about 24 former employees under Severance/Release Agreements, some of which contain confidentiality provisions, as set forth in the Letter.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.15(a) Environmental Matters

LIST OF ENVIRONMENTAL REPORTS:

1. Air Analysis Associates, Inc., May 29, 1996, Limited Indoor Air Quality Survey of CMP Annapolis Regional Medical Center located at 180 Admiral Cochrane Drive, Annapolis, Maryland.
2. Zurich-American Insurance Industrial Hygiene Survey of September 28, 1995, for pathology lab in Ellicott City, Maryland.
3. Apexenvironmental, Inc., December 14, 1995, report on BCBS-NCA Headquarters Building located at 550 12th Street, S.W., Washington, D.C. 20065.
4. Karchem & Associates, April 27, 1993, report on BCBS-NCA Headquarters Building located at 550 12th Street, S.W., Washington, D.C. 20065.
5. Clinical sites operated by BCBS-MD could contain any of the following medical wastes: anatomical material, blood, blood-soiled articles, contaminated material (including material contaminated with the feces of patients diagnosed with infectious diseases and other articles contaminated with a known infectious agent), microbiological laboratory waste and sharps. Medical waste is disposed of by Stericycle, Inc. In addition, the pathology lab and surgery department at the Knoll site generate waste formaldehyde, xylene and ethylene oxide that is disposed of by Clean Harbors.
6. Laboratory, medical and surgical supplies which are or which contain Materials of Environmental Concern are also stored at BCBS-MD facilities.
7. A variety of Materials of Environmental Concern which are typically used for building and equipment maintenance are stored in the maintenance and shop areas, including, but not limited to adhesives, paints and other coatings, lubricants, cleaners, compressed gases, solder, caulk, refrigerants, sealants, concrete and deodorants.
8. BCBS-MD maintains an Employee Right to Know Program that identifies and describes in more detail the Materials of Environmental Concern that may be present at various sites.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

9. The following is a list of releases or threatened releases of a Material of Environmental Concern and any other condition or circumstances at any CareFirst Property which could reasonably be expected to subject the owner or operator of any CareFirst Property to liability or claims under the Environmental Laws or to any private cause of action arising out of an environmental condition:
 - Halon is on the 7th floor computer room at 550 12th Street, S.W., 8th floor computer room at 100 S. Charles Street, Tower II, and lower level of 2205 York Road computer room.
 - Asbestos is present at 550 12th Street, S.W. as indicated on attached Apexenvironmental, Inc. report. The landlord initiated an asbestos abatement program that began in May 2001 and concluded in July 2001.
10. Phase 1 Environmental Risk Assessment Survey of Timonium Medical Center in Timonium, Maryland prepared by Versar, Inc. for AIG Environmental dated June 1, 1999.
11. Phase 1 Environmental site assessment of Knoll North One in Columbia, Maryland prepared by Briggs Associates International, Inc. for Travelers Realty Investment Company dated June 24, 1993.
12. Quality Assurance Monitoring Report dated September 4, 2001 of the BCBS facility located at 2201 W. 14th Street in Wilmington, Delaware by Accredited Environmental Technologies, Inc. in connection with an asbestos abatement project that concluded on August 25, 2001.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.15(e) Environmental Matters

KNOWN ASBESTOS –CONTAINING MATERIALS REMAINING

Asbestos-containing materials are located at the leased property at 550 12th Street, S.W., Washington, D.C..

BCBSD-Related Items

BCBSD owns the premises at 201-205 West 14th Street, Wilmington, Delaware. BCBSD leases space from Foulkstone Partnership at 1401 and 1413 Foulk Road, Wilmington, Delaware. A substantial portion of the leased premises at 1401 Foulk Road is sublet, with permission, by BCBSD to various subleases. BCBSD also leases space from Christiana Care at the Health Care Center at Christiana and from Delle Donne at 1011 Center Road, Wilmington, Delaware. No formal, comprehensive studies have been prepared for any of the properties. This disclosure only summarizes studies conducted with respect to specific issues.

BCBSD – PCB Transformer

On July 7, 1986 BCBSD contracted with Unison Corp. to furnish the labor and materials for the reclassification of the PCB transformer in accordance with government standards as set forth by the EPA in 40-CFR-761. Tests since that time have confirmed that PCB's have not reached the level (499 PPM or over) at which flushing and refilling is required.

STATUS: December 10, 1998 test results will require BCBSD to complete the following services: inspect and repair or replace the level gauge, repair bottom valve and reclaim and refill the insulating fluid.

BCBSD – Radon Gas

On March 13, 1989, Brandywine Environmental Services and Supply, Inc. was contracted to perform testing for radon Gas in buildings 201 and 205. The types of device used were Short Term Screening Detectors.

STATUS: B-201 has a first floor average of 0.73 and the ground floor had an average of 1.107 pCi/l. B-205 had a first floor average of 1.03 and the ground floor had an average of 1.84 pCi/l (Pico curies per liter). All of these results fall significantly below EPA guideline action level of 4.0 pCi/L for radon indoor air.

BCBSD – Air Quality

On March 13, 1992, American Environmental Technology (AET) provided a report regarding testing of carbon monoxide levels in B-205. The samplings were done on April 16, 20 and 28 of 1992. The results were that in four areas tested, all were below the OSHA Standard of 35 PPM (Parts per million).

STATUS: No action required.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

BCBSD Indoor Air Quality

On February 16 and 19, 1993. BCM Engineers conducted an indoor air quality survey of B-201 and B-205.

STATUS:

- Carbon dioxide levels were within the recommended guidelines of ASHRA of 1,000 PPM throughout the building.
- Relative humidity was below or at the low end of the comfort range for the heating season.
- Temperature readings were at the high end of the comfort range.
- Illumination measurements were within the recommended guideline of 30-foot candles.
- Indoor concentrations of yeast and molds were within the acceptable limits.
- Carbon monoxide levels were below the acceptable levels.

BCBSD Freon

On December 8, 1984, the 40-ton HVAC system was removed and a new 50-ton system was installed.

STATUS: R-12 freon was removed. The phase out of R-22 Freon is proceeding as equipment is replaced.

BCBSD Indoor Air Quality

On March 1, 1995, BCM was hired to complete another indoor air quality report. At this time, B-201 and B-205 were tested.

STATUS:

- Carbon dioxide levels were within the guidelines throughout the buildings.
- Relative humidity was at the low end of the comfort range in most areas
- Temperature readings were at the high end on the 5th floor and the remaining areas were generally within the comfort range.
- Carbon monoxide was within acceptable levels.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

BCBSD Underground Storage Tanks

On June 27, 1995, Joseph Hardy and Sons abandoned in place a 6,000 gallon underground storage tank (UST) and a 5,000 gallon UST. The tanks and associated piping were drained of all oil residues. After the cleaning, each tank was filled with cement slurry supplied by a local concrete contractor.

STATUS: Both tanks abandoned in place.

BCBSD Asbestos

In 1996 BCBSD contacted an asbestos abatement contractor to provide us pricing for the removal of all asbestos materials as detailed in a report that AET completed in 1989. Since all prior report date of 1989, BCBSD has completed several projects that included the removal of asbestos products. Asbestos was removed when the boilers were changed from oil to gas in both buildings. BCBSD removed asbestos when replacement coils were installed in the ground floor interior air handler. In 2001, BCBSD removed asbestos insulation from ceiling pipes on the ground floor of the cafeteria section of 201 W. 14th Street, Wilmington, Delaware.

STATUS: The asbestos is intact, there is no immediate danger.

BCBSD Indoor Air Quality

September 26, 1997, Batta Environmental Associates; Inc. was hired to complete an indoor air quality inspection of the B-201 ground floor Microfilm Laboratory.

STATUS:

- Low levels of ammonia were detected (between 1-2 parts per million PPM). The exposure limit per OSHA is 50 PPM and the ACGIH threshold limit is 25 PPM.
- Recommended that BCBSD's HVAC contractor provide additional fresh air to disperse the ammonia fumes. This work has been completed.
- A water test was performed on drinking water in each of 201 and 205 West 14th Street. All results were within the recommended guidelines.
- On October 10, 2000, BCBSD had a Silicone Retrofill completed on our transformer Serial #F964050. The oil qualities are within acceptable levels a sample again will be taken in approximately one year.
- In August, 2001, an asbestos abatement occurred on the 4th and 5th floors of 201 West 14th Street. Results indicate airborne fiber concentrations are within Delaware Department of Natural Resources and Environmental Control asbestos regulations..

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.16 Non-competition Agreements

1. Managed Pharmacy Benefit Services Agreement between BCBS-MD and Advanced Paradigm, Inc. dated January 1, 1996.
2. Agreement between GreenSpring Health Services, Inc. and GreenSpring Mental Health Services, Inc. dated March 19, 1993.
3. License and Exclusive Supply Agreement between FlavoRx, Inc. and CMP dated November 24, 1997.
4. BCBSD is bound by certain restrictions provided in its agreements with Fort Dearborn Life Insurance Company and National Guardian Life Insurance Company.
5. See also Section 4.8 disclosure schedule regarding the limitation on the use of the “Blue” brand in Virginia in the discussion of CareFirst’s planned managed care re-positioning.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

Section 4.18 Insurance Policies

CAREFIRST COMPANIES

Insurance Company	Policy Type	Policy Number
Zurich American	Property	ZMD3480966-00
Royal	DIC Flood – WV site	RHD31580
Great American Alliance	DIC Flood – WV site	CPP5744822
Greenwich Ins. Co.		ACG445582
Twin City Fire Ins. Co.	General Liability	30UENMF5062
ACE USA	Commercial Umbrella	CUA 150354-D
Royal Insurance Co.	Business Auto	30UENMF5063
National Union Fire Ins. Co. of Pittsburgh, PA	Non-owned Aviation	AV-3394782-01
AIG	Pollution Legal Liability	PLS 2679067
Twin City Fire Ins. Co.	Workers' Compensation (Potomac Physicians, P.A. only)	30WNMF5060 30WNMF5061
National Union Fire Ins. Co. of Pittsburgh, PA	Special Crime	653-11-01
BCS Insurance Agency	Employee Fidelity & Electronic Crime	EFC 012-190
Travelers Casualty & Surety Co. of America	Fiduciary	8-FF-103049396-BCM

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

CAREFIRST COMPANIES

Insurance Company	Policy Type	Policy Number
BCS Insurance Co.	Directors & Officers/ Supplemental D&O Errors and Omissions/ Supplemental E&O Managed Care Anti-Trust Employers Managed Care Employment Practices E-commerce Foreign Extension (BCBSD only) Medical Malpractice Excess Blended Liability*	011-190
Executive Risk Indemnity	Excess Blended Liability*	8165-4258
Continental	Willse, The Michelsen Group and National Capital Administrative Services TPA Erisa Bond	169655965
Travelers Casualty/Surety	Willse Surety Bond	8 S 103092212 BCM
Travelers Casualty/Surety	Michelsen Surety Bond	8 S 100582509 BCM
Travelers Casualty/Surety	NCAS Surety Bond	8 S 103016222 BCM
Travelers Casualty/Surety	PHN Surety Bond	8 S 103503414 BCM

*Excess Blended Program includes D&O, E&O, MCO, EPL, supplemental D&O, supplemental E&O, antitrust, medical malpractice, umbrella liability, fidelity/electronic crime, and fiduciary.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November 20, 2001**

BCSBD ONLY

<u>Insurance Company</u>	<u>Policy Type</u>	<u>Policy Number</u>
CIGNA	Travel accident	ABL663877
Reliance National	Medical professional MCO, E&O and general liability	NPB 1495736

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Section 4.19 Intellectual Property

CAREFIRST OF MARYLAND, INC.:

308/00107-1	CAREFIRST (Classes 16, 36, 41 and 42)	Reg. No. 1,546,326	Registered
308/00108-1	CAREFIRST (Class 200)	Reg. No. 1,543,100	Registered
308/00110-1	Miscellaneous Design (Shaking Hand)	Reg. No. 1,543,834	Registered (Assigned to Blue Cross Blue Shield Association)
308/00113-1	Miscellaneous Design (Heart and Cross) (Classes 16, 36, 41 and 42)	Reg. No. 1,755,293	Registered
308/00115-1	Miscellaneous Design (Heart and Cross) (Class 200)	Reg. No. 2,213,556	Registered
308/00116-1	POTOMAC HEALTH (Class 200)	Reg. No. 1,793,133	Registered
308/00117-1	POTOMAC HEALTH (Classes 16, 36, 41 and 42)	Reg. No. 1,780,232	Registered
308/00118-1	Miscellaneous Design (Heart, Cross and Hands) (Class 200)	Reg. No. 2,229,775	Registered
308/00119-1	Miscellaneous Design (Heart, Cross and Waves) (Class 200)	Reg. No. 2,229,774	Registered
308/00124-1	Miscellaneous Design (Heart, Cross and Banner) (Classes 16, 36, 41 and 42)	Reg. No. 2,229,778	Registered

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

308/00125-1	Miscellaneous Design (Heart, Cross and Banner) (Class 200)	Reg. No. 2,229,777	Registered
308/00129-1	DELMARVA HEALTH PLAN	Reg. No. 2,035,161	Registered
308/00130-1	DHP	Reg. No. 2,035,160	Registered
308/00131-1	DHP and Design (Goose Design)	Reg. No. 2,056,823	Registered
308/00132-1	SHORECARE	Reg. No. 2,388,946	Registered
308/00134-1	CHOICE ADVANTAGE	Reg. No. 1,934,775	Registered
308/00135-1	Miscellaneous Design (Hands and Heart)	Reg. No. 1,963,697	Registered
308/00137-1	ADVANTAGE (Classes 16, 36, 41, 42 and 200)	Reg. No. 2,146,918	Registered
308/00141-1	POTOMAC HEALTH and Design (Classes 16 and 41)	Reg. No. 1,678,453	Registered
308/00148-1	FREE STATE HEALTH PLAN	Reg. No. 2,085,621	Registered
308/00150-1	NEW CHOICE	Reg. No. 1,633,535	Registered
308/00163-1	MEDICAREFIRST	Reg. No. 2,010,084	Registered
308/00165-1	FIRSTCARE	Reg. No. 2,360,471	Registered
308/00170-1	TEMPMED	Reg. No. 1,837,052	Registered
308/00171-1	GOLD STANDARD	Reg. No. 1,484,586	Registered
308/00172-1	CARETRAC	Reg. No. 1,757,194	Registered
308/00174-1	MARYLAND POINT OF SERVICE	Reg. No. 1,719,689	Registered
308/00176-1	SPECTRAFLEX	Reg. No. 1,493,522	Registered
308/00177-1	HEALTHELECT (Stylized letters)	Reg. No. 1,590,163	Registered

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

308/00178-1	HEALTHELECT	Reg. No. 1,590,156	Registered
308/00179-1	CUSTOM COMP	Reg. No. 1,551,264	Registered
308/00184-1	IHM	Reg. No. 1,987,587	Registered
308/00185-1	IHM	Reg. No. 1,996,015	Registered
308/00190-1	PERSONAL COMP	App. Ser. No. 75/345,791	Pending
308/00193-1	NEW CHOICE	Reg. No. 1,633,411	Registered
308/00198-1	MEDICAREFIRST and Design	App. Ser. No. 75/454,857	Pending
308/00205-1	CAREFIRST	Maryland State Reg. No. 00530	Registered
308/00207-1	CAREFIRST	Maryland State Reg. No. 00531	Registered
308/00209-1	CAREFIRST (Stylized letters) (blue)	Reg. No. 2,354,102	Registered
308/00210-1	CAREFIRST (Stylized letters)	App. Ser. No. 75/506,519	Inadvertently abandoned – Petition to Revive filed
308/00217-1	MARYLAND DENTAL PLAN	Reg. No. 2,401,371	Registered
308/00220-1	MARYLAND DENTAL PLAN	Maryland State Trademark Reg. No. 00651	Registered
308/00221-1	PATUXENT MEDICAL GROUP, INC. and Design	Reg. No. 1,743,777	Registered
308/00231-1	NATIONAL CLAIMS ADMINISTRATIVE SERVICES, INC.	Reg. No. 1,813,993	Registered
308/00232-1	NATIONAL CLAIMS ADMINISTRATIVE SERVICES	Reg. No. 1,547,814	Registered
308/00233-1	NCAS and Design	Reg. No. 1,420,427	Registered

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

308/00234-1	NCAS	Reg. No. 1,420,426	Registered
308/00235-1	INSIDE CAREFIRST.COM	App. Ser. No. 75/787,773	Pending
308/00237-1	CAREFIRST OPTIONS	App. Ser. No. 75/831,130	Pending
308/00267-1	INDIVIDUAL EXPRESS		Filed 04/26/01

GROUP HOSPITALIZATION AND MEDICAL SERVICES, INC.:

CAPIDENT and Design	Reg. No. 1,524,796	Registered
CAPITALCARE	Reg. No. 2,117,832	Registered
FLEXX	Reg. No. 1,379,488	Registered
BCBS-NCA (stylized letters)	Reg. No. 1,633,402	Registered
PROTOCOL	Reg. No. 1,891,341	Registered
BCBS-NCA	Reg. No. 1,633,402	Registered

BCBSD, INC.:

1. Blue Access – BCBSD’s voice response
2. Blue Care® - IPA/HMO product line
3. Blue Chip® - Promote BCBSD’s high quality
4. Blue Choice® - PPO product
5. Blue Classicsm – Traditional indemnity product
6. Blue Dental
7. BlueMax
8. Blue Ribbon – BCBSD’s panel of physicians description
9. Blue Select® - Point-of-service product
10. www.bcbsde.com – BCBSD’s internet web address
11. Blue Values – Value added health features
12. BlueLine – Electronic employee newsletter
13. Medicare Blue – BCBSD’s Medicare+Choice plan
14. Your Blue Connection – Approval to use the phrase in advertising/communication materials, not as a web site address. Request was originally for a web site address. Descriptive advertising phrase regarding bcbsde.com.
15. Dental Health Plussm
16. Dental HMO
17. Allnation®
18. BCBSD leases software from the following vendors: HBOC and Computer Associates.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

SOFTWARE OWNED

Application Acronym	Application Name	Owner/ Licensee
ACRT	Local Account Reporting	BCBS-MD
ACSP	Account Support	BCBS-MD
ACTR	Account Installation Tracking	BCBS-MD
Admin	Contract Administration	BCBS-MD
Admin	Credential Info	BCBS-MD
Admin	ROOM	BCBS-MD
Admin	TELON HELP FACILITY	BCBS-MD
AdminiStar	AdminiStar	BCBS-MD
AGNT	Agent Commission System	BCBS-MD
AIAE	Account Installation/Automated Enrollment	BCBS-MD
ASCL	Account Settlement	BCBS-MD
Back-End	EZCD	BCBS-MD
Back-End	Local Inventory - Claims Rpts	BCBS-MD
Back-End	Misc. Claims Programs	BCBS-MD
Back-End	Misc. FLEXX Related Programs	BCBS-MD
Back-End	Miscellaneous User Reports	BCBS-MD
Bank	Bank Reconciliation	BCBS-MD
Bank	Check Writing	BCBS-MD
Bank	FEP Coinsurance	BCBS-MD
BANK	Home Bank Financials	BCBS-MD
BCIQ	Enrollment & Claims Inquiry System	BCBS-MD
Bell Affiliates	Bell Affiliates	BCBS-MD
BIDS	Benefit Identification System	BCBS-MD
BROK	Broker Commissions	BCBS-MD
BROK	Broker Interface	BCBS-MD
BSEPRES	FEP Blue Shield/Express	BCBS-MD
BUS	Business Unification System - Automated Enrollment	BCBS-MD
C&B	Budget	BCBS-MD
C&B	Cost	BCBS-MD
CARA	CARE Adjudication	BCBS-MD
CARP	CARE Payment	BCBS-MD
CARR	CARE Registration	BCBS-MD
CASE	Contracts - CASE	BCBS-MD
CASH	Cash Management	BCBS-MD
CBPS	Charge Based Pricing System	BCBS-MD
CBSP	Consolidated Billing System	BCBS-MD
CCCM	Centralized Claim Check Mgmt	BCBS-MD
CCOL	Credit & Collections	BCBS-MD
CFCS	Corporate File Cabinet	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Application Acronym	Application Name	Owner/ Licensee
CHAR	CHARMAR	BCBS-MD
CHCK	Claim Check Processing (CR127000)	BCBS-MD
CIAS	Control Inquiry Analysis System	BCBS-MD
CIM	Claim Inventory Management	BCBS-MD
CINQ	Customer Service Inquiry	BCBS-MD
CREN	Claims Re-Engineering	BCBS-MD
CTI	Computer Telephone Integration	BCBS-MD
DBA	Database Admin Utilities	BCBS-MD
DDE	Data Dictionary Extracts	BCBS-MD
DEMD	NASCO Claims Table Updates	BCBS-MD
DREA	Doctors Earnings (1099)	BCBS-MD
EABS	Enrollment & Billing System	BCBS-MD
EIS	EIS	BCBS-MD
EMCI	EMC	BCBS-MD
EMIL	Executive Mail Tracker	BCBS-MD
ESEC	Executive Secretary	BCBS-MD
EXEC	Executrak	BCBS-MD
FA	Cash Application	BCBS-MD
FEPS	Imaging - FEP	BCBS-MD
GBEN	Group Benefits	BCBS-MD
GBIL	Group Billing	BCBS-MD
GMDB	Group Master Data Base (IMS)	BCBS-MD
GMIR	Group Master (GMIR, GMIQ, GMUP)	BCBS-MD
GMMS	Carewatch	BCBS-MD
GSUM	Group Summary	BCBS-MD
HCHG	Hospital Charge Audit	BCBS-MD
HEDIS	HEDIS Reporting; file extracts	BCBS-MD
HPAS	Hospital Payment Analysis	BCBS-MD
IARS	Integrated Account Reporting	BCBS-MD
ICAS	Interactive Claims Analysis System(GMIS)	BCBS-MD
ICMS	Individual Case Management	BCBS-MD
IDCD	ID Cards	BCBS-MD
IHM	IHM QI/HE Enrollment/Top 10 Rpt	BCBS-MD
IHM	Managed Care Reporting System	BCBS-MD
IMDI	IMD Underwriting	BCBS-MD
INBS	Individual Broker Market System	BCBS-MD
INDV	individualexpress (part of carefirst.com)	BCBS-MD
INTA	insidecarefirst.com	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/architecture	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/com	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/common	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/edist	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November ___, 2001**

Application Acronym	Application Name	Owner/ Licensee
INTR	E_Com_Distribution/source/com/CareFirst/electronicenrol lment	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/lil	BCBS-MD
INTR	E_Com_Distribution/source/com/CareFirst/spl	BCBS-MD
INTR	www.carefirst.com	BCBS-MD
ITSS	ITS Interface (in-house software)	BCBS-MD
LCKD	Corporate Keys	BCBS-MD
LCKM	Corporate Keys MANM	BCBS-MD
LEKD	Executive Keys	BCBS-MD
LMED	Marketing Encyclopedia	BCBS-MD
LMIS	MIS Forms	BCBS-MD
LOIC	Operating Integration Committees	BCBS-MD
LSGD	Sales Glossary	BCBS-MD
LSRG	Sales Resource Guide	BCBS-MD
MCAR	Managed Care System MZ00	BCBS-MD
MPOS	Maryland Point of Service/Enrollment	BCBS-MD
MPOS	Maryland Point of Service/Providers	BCBS-MD
MPPC	Multi-purpose Procedure Code Conversion	BCBS-MD
MPSE	MP Secure	BCBS-MD
NASC	NASCO Provider Updates	BCBS-MD
NASE	NASCO Interface(Enrollment)	BCBS-MD
NASR	NASCO Account Reporting	BCBS-MD
NLSE	Netlease Provider File Distribution	BCBS-MD
NMIS	Network Management Information System	BCBS-MD
OCLT	Outstanding Claims Liability/Trends	BCBS-MD
ONCO	OnContact	BCBS-MD
OPL	Other Party Liability	BCBS-MD
PCRD	Provider Credentialing	BCBS-MD
PHCS	API Claims Info that feeds MD Group Summary	BCBS-MD
PIMS	Provider Information Mgmt System	BCBS-MD
PREF	Provider Referral System	BCBS-MD
PROF	Profiles - Dental	BCBS-MD
PTR	Professional Provider Tape Reconciliatio	BCBS-MD
PVXX	PV00 - Instl. Providers	BCBS-MD
PVXX	PV40 - Prof. Providers	BCBS-MD
PVXX	PVX - Provider Extract	BCBS-MD
PVXX	PVXI - Provider Online Inquiry	BCBS-MD
RATE	Rate/Elig/Group Downloads	BCBS-MD
RETS	Retentions	BCBS-MD
RMCS	Rating & Monitoring	BCBS-MD
SBIL	Single Bill	BCBS-MD
SDIS	Suspense	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Application Acronym	Application Name	Owner/ Licensee
SMIS	Sales & Marketing Information System	
SPIN	Medicare Spinoff	BCBS-MD
STAT	State of MD Interface	BCBS-MD
TER	Tenant Service Request Tracking	BCBS-MD
TIME	TIME System	BCBS-MD
TODE	Dental Claims Processing System	BCBS-MD
TP02	TP02/TP02BS	BCBS-MD
UB92	UB92	BCBS-MD
UDSS	Underwriting Decision Support System	BCBS-MD
UNCK	Abandoned Property/Unclaimed Check	BCBS-MD
UTLR	Utilization Control Program	BCBS-MD
VORE	Blueline	BCBS-MD
VORE	Subscriber Call Director	BCBS-MD
WHSE	Data Warehouse	BCBS-MD
	Asendia	BCBS-MD
	Broker Express	BCBS-MD
BUC\$	Broker Commissions	GHMSI
Financials	1099s	GHMSI
Financials	Cash Disbursements	GHMSI
Financials	Cash Receipts	GHMSI
Financials	Currency	GHMSI
Financials	Line of Business (LOB) Budget	GHMSI
Financials	Postage	GHMSI
Financials	RICS -- Refund Inventory Control System	GHMSI
Financials	Underwriting	GHMSI
Financials	WECE	GHMSI
FLEXX	"Other" News	GHMSI
FLEXX	API (Pharmacy)	GHMSI
FLEXX	Avesis Claim Tape	GHMSI
FLEXX	FLEXX -- Batch, Online, and Utilities	GHMSI
FLEXX	FLEXX NEWS	GHMSI
FLEXX	Retrieval	GHMSI
FLEXX	Super Prototyping	GHMSI
Front-End	Admission Notice	GHMSI
Front-End	Geographic Area Table Update	GHMSI
IACS	IACS (Inquiry Analysis)	GHMSI
Interfaces	MD to NCA/HR Interfaces	GHMSI
ISS	DB III	GHMSI
ISS	REGI	GHMSI
ITS	InterPlan/ITS (FLEXX Surround)	GHMSI
ITS	ITS/GL Interface	GHMSI
LFEP	Eligibility File Purge	GHMSI

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Application Acronym	Application Name	Owner/ Licensee
LFEP	FEP -- Claims History Purge	GHMSI
LFEP	FEP -- Denied Claims Report	GHMSI
LFEP	FEP -- Inventory Purge	GHMSI
LFEP	FEP -- NEWS	GHMSI
LFEP	FEP - Ops Center Interface	GHMSI
LFEP	Non-FEP -- Claims History Purge	GHMSI
LFEP	Non-FEP -- Inventory Purge	GHMSI
Med A	Med A	GHMSI
Med B	Med B	GHMSI
MedD	Utilization Mgmt -- UM Interfaces	GHMSI
Misc	HIT System	GHMSI
Misc	Micrographics	GHMSI
Misc	NASCO and Interface	GHMSI
Misc	QWIK Code	GHMSI
NMIS/SCIP	NMIS/SCIP -- Reports	GHMSI
Paperless	Paperless (FLEXX Surround)	GHMSI
PICA	Contracts - PICA	GHMSI
PMIS	PMIS/Personnel	GHMSI
PMIS	PMIS/Personnel	GHMSI
PMIS	PMIS/Personnel	GHMSI
PPQI	PPQI (Par Provider Query)	GHMSI
PPQI	Program Utilities (SX Series, only)	GHMSI
STATS	HealthTrax	GHMSI
STATS	Liabilities/IS Support	GHMSI
STATS	Misc. Statistical Programs	GHMSI
STATS	Renewals/User System	GHMSI
STATS	STATS -- Reporting	GHMSI
UB92	UB92	GHMSI
Voucher	Payment Tapes	GHMSI
Voucher	Voucher (FLEXX Surround)	GHMSI
WEBMD	Provider Electronic Claims	GHMSI
	Micrographics	GHMSI
CSC	Add On Modules To CSC System	
CSC	Appointment Scheduling	BCBS-MD
CSC	Encounter Procesing	BCBS-MD
CSC	Coordination of Benefits	BCBS-MD
CSC	Co-pay Billing	BCBS-MD
CSC	Accounts Receivable (Co-pay)	BCBS-MD
CSC	Pharmacy Management	BCBS-MD
CSC	Secondary Capitaion	BCBS-MD
CSC	Specialist Capitaion	BCBS-MD

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Application Acronym	Application Name	Owner/ Licensee
CSC	Student Reporting	BCBS-MD
CSC	Automated Enrollment and Account Installation	BCBS-MD
CSC	Medical Vendor-Interface Tape System	BCBS-MD
CSC	Integrated account Reporting Interface	BCBS-MD
CSC	EDI	BCBS-MD
CSC	Multicompany Accounts Payable	BCBS-MD
CSC	Multicompany Accounts Receivable	BCBS-MD
CSC	HEDIS	BCBS-MD
Add On Modules To Facets system		
FACETS	ABC System Existing Membership	GHMSI
FACETS	ABC System On-going Functions	GHMSI
FACETS	Broker System	GHMSI
FACETS	Catastrophic	GHMSI
FACETS	DB Refunds	GHMSI
FACETS	Direct Pay Billing	GHMSI
FACETS	Extensions	GHMSI
FACETS	GL Interface	GHMSI
FACETS	Group Billing	GHMSI
FACETS	ID Batch Card Program	GHMSI
FACETS	ID Card Production System	GHMSI
FACETS	Invoice System	GHMSI
FACETS	Lockbox - Premium Receipts	GHMSI
FACETS	LWS - Letter Generation	GHMSI
FACETS	Marketing	GHMSI
FACETS	Middleware	GHMSI
FACETS	MMS - Loads enrollment from multimedia source	GHMSI
FACETS	PA&R	GHMSI
FACETS	Rate Quote	GHMSI
FACETS	Rating	GHMSI
FACETS	RUBI	GHMSI
FACETS	Subscriber Information	GHMSI
FACETS	Surround	GHMSI

SOFTWARE OWNED AND LICENSED

<u>Vendor</u>	<u>Application(s)</u>
AIMSOFT	Maintenance Contract for Remote Production - Support Bug Patches- New Releases WS in ITBP 2000

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

AMDAHL	SUNRISE
AMDAHL	SUNRISE
ATAMAN	Maintenance for Ataman Software enabling Facets batch thur TCPIP
Bell & Howell	Intella Sert - Quality Control (Half- CC13264)
Bell & Howell	Intella Sert - Quality Control (Half- CC623)
BMC	ANNUAL SUPPORT FOR PATROLE
BMC	BMC DBA TOOLS ANNUAL MAINT FOR RMIS
BMC	BMC DBSTATS ANNUAL MAINT
BMC	BMC ORACLE TOOLS ANNUAL MAINT FOR ECOMMERCE
BMC	BMC ORACLE TOOLS ANNUAL MTCE FOR EDW
BMC	BMC SQL BACKTRACK ANNUAL MTCE FOR EDW & STARS
BMC	BMC SQL BACKTRACK FOR FIN9000 ANNUAL MTCE FOR BSRP
BMC	CMF MONITOR
BMC	DBA TOOLS FOR ECOM TEST SP ENVIRONMENT
BMC	Enterprise Agreement
BMC	IMS SECONDARY INDEX
BMC	ORACLE P AGENT/ KM
BMC	PATROL 4 UNIX KM ANNUAL MAINT FOR ECOMMERCE
BMC	PATROL AVAIL SUITE MTCE TCS-ASPECT SRVR (NEW PURCHASE 2001)
BMC	PATROL CONSOLE MTCE (NEW PURCHASE IN 2001)
BMC	PATROL FOR SYBASE ANNUAL MTCE (NEW PURCHASE IN 2001)
BMC	PATROL ORACLE DBA TOOLS ANNUAL MTCE
BMC	PATROL ORACLE TOOLS ANNUAL MTCE FOR ECOMMERCE
BMC	PATROL PERFORM & PREDICT MTCE (NEW PURCHASE IN 2001)
BMC	PATROL TIVOLI INTERFACE ANNUAL MAINTENANCE
BMC	SQL BACKTRACK
BMC	SQL BACKTRACK FOR FACETS (NEW FROM S80 MIGRATION)
BMC	SQL BACKTRACK FOR FACETS (NEW PURCHASE IN 2000)
BMC	SQL BACKTRACK MTCE FOR TCS-ASPECT SRV NEW PRCHSE 2001
BMC	SUPEROPTIMIZER
BMC	SUPEROPTIMIZER / CICS (1 COPY)
CENTURA	Annual Maintenance Support for SMIS
CISCO	CISCO WORKS NET WV IE WAIX
CLR	ANNUAL SUPPORT - FAST TAX
CLR	ANNUAL SUPPORT - FAST TAX
Computer Associates	CA BPWIN ANNUAL MAINTENANCE
Computer Associates	Enterprise Agreement (DC Portion) Paid through January 31, 2002
Computer Associates	Enterprise Agreement (MD Portion) Paid through January 31, 2002
Computer Associates	ERWIN 5 COPIES ANNUAL MAINTENANCE
Computer Associates	ERWIN 5 LIC ANNUAL MAINT FOR EDW

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Computer Associates	ERWIN AND MODEL MART ANNUAL MAINTENANCE
Computer Associates	ERWIN MODEL MART 8 CNXTN ANNUAL MTCE FOR EDW
Computer Associates	ERWIN WEB PUBLISHER ANNUAL MAINTENANCE
COMPUWARE	ABEND AID MVS
COMPUWARE	ABEND-ACT
COMPUWARE	EXPEDITER (TSO AND CISC)
COMPUWARE	EXPEDITER XCHANGE
COMPUWARE	FILE AID DATAAGER
COMPUWARE	FILEAID XE HYPERSTATION
COMPUWARE	IMS AND DB2
COMPUWARE	QA DIRECTOR
COMPUWARE	QA HIPERSTATION
COMPUWARE	QA HYPERSTATION
COMPUWARE	VIEWING FACILITY
COMPUWARE	XPEDITER
COMPUWARE	XPEDITER CICS
COMPUWARE	XPEDITER TSO
COMUPWARE	FILE AID MVS
CONSUL RISK MGMT	MANAGEMENT RACF/AUDIT
CSC Healthcare	Monthly Maintenance Contract - MHS
CSC Healthcare	Monthly Maintenance Contract - Universe (1144 Users)
CSC Healthcare	Monthly Maintenance Contract - Universe (32 Users)
DIVERSIFIED	JOBSCAN
DIVERSIFIED SW	JOBSCAN
Eastman Software	MAINTENANCE CONTRACT FOR REMOTE PRODUCTION SUPPORT BUG PATCHES NEW RELEASES PORTION IN ITBP IN 2000
EDGE INFO GROUP	EDGE PORTOFOLIO ANALYZER
EMPIRE	HPA ANNUAL MAINTENANCE CONTRACT
ENVOY	MAINTANCE FOR CLEARINGHOUSE
ET	DB ARTISAN FOR SYBASE (NEW PURCHASE FOR STARS IN 2000)
ET	DBARTISAN ANNUAL MAINTENANCE
ET	DBARTISAN ANNUAL MAINTENCE FOR STARS
ET	DBARTISAN MTCE FOR FACETS APPL GRP 2 LICENSES (NEW PURCHASE IN 2001)
EVERGREEN - NAI	Network Associates Magic S/W Maintenance
FACETS	HEALTH CLAIMS SYSTEM
FISCHER INTL	IOF
FITZGERALD AND LONG	FAST
FREEDOM	ANNUAL SUPPORT - TRACKER SOFTWARE
GARY BERGMAN ASSOC	ADVANCED DEBUGGING SYS
GT SOFTWARE	ASSIST VISION
GTSOFTWARE	ASSIST/GT MVS
HBOC - McKesson	ANNUAL SUPPORT FOR GMIS CLAIMCHECK

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Health Ink and Vitality	ANNUAL MAINTENANCE FOR FAMILY HEALTH ADVISOR WEBSITE
HEALTHAXIS	TPA CLAIMS SYSTEM
HELP SYSTEMS	ROBOT CPA AS400
HMS	PA&R UPGRADE ANNUAL MAINTENANCE CONTRACT
HSS	DRG GROUPER ANNUAL MAINTENANCE CONTRACT
IBM	ANNUAL AIX SUPPORT FOR NEW RS/6000 SERVERS
IBM	ANNUAL MAINTENANCE FOR CAREFIRST.COM AND CONTENT MANAGEMENT
IBM	ANNUAL SUPPORT AIX
IBM	ANNUAL SUPPORT AIX LINE
IBM	ANNUAL SUPPORT FOR NETVIEW
IBM	EAS AGREEMENT
IBM	ENTERPRISE AGREEMENT
IBM	PASSPORT AGREEMENT FOR LOTUS SW AND IBM CLIENT SERVER SW
INFORMATION BLDRS	FOCUS
INFORMIX	INFORMIX DBSERVER 4GL ANNUAL DEV ANNUAL MAINTENANCE
INFORMIX	INFORMIX DBSERVER 4GL RUNTIME ANNUAL MTCE
INNOVATION	FATS
INTERSYS	INTERSYSTEMS MAINTENANCE AND SUPPORT CONTRACT-TEST BOX
INTERSYS	INTERSYSTEMS MAINTENANCE AND SUPPORT CONTRACT-MEDR BOX
INTERSYS	SOFTWARE MAINTENANCE AND SUPPORT CONTRACT-PRODUCTION BOX
Invensys (formerly BAAN)	Annual Maintenance Support for SMIS
Invensys (formerly BAAN)	Annual Maintenance Support for SMIS
Invensys (formerly BAAN)	Annual Maintenance Support for SMIS for Tivoli Support for new Servers
LANDMARK	MONITOR FOR CICS
LANDMARK	NAVIGRAPH
LANDMARK	TMON DB2
LANDMARK	TMON MVS
MACKINNEY	CICS FRS RECOVERY
MAINSTAR	ABARS MGR
MAINSTAR	VSAM MGR
MARBLE COMP	DCDIII
MED	M&R ANNUAL MAINTENANCE CONTRACT
MED	UCS MONTHLY MAINTENANCE CONTRACT
MERRILL CONSULT	MXG
MICROSOFT	MS DEVELOPER NETWORK SUBSCRIPTION
MICROSOFT	MS PREMIER SUPPORT AGREEMENT
MOBIUS	VIEWDIRECT/ DOCUMENT DIRECT

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

MOBIUS SW FACETS	MAINT RENEWAL
MSTR	Maintenance on DSS Agent administrator
NDD	NDD LDRPS ANNUAL SOFTWARE MAINT
ORACLE	ANNUAL SUPPORT - ORACLE FINANCIALS
ORACLE	ORACLE 105DB 52SQL+ ANNUAL MAINTENANCE
ORACLE	ORACLE 125 DB & PARTITIONING ANNUAL MTCE FOR EDW
ORACLE	ORACLE 150 APPLICATIONS USER ANNUAL MTC FOR BSRP
ORACLE	ORACLE 36 NAMED USER FIN9000 ANNUAL MTCE FOR BSRP
ORACLE	ORACLE 5 DB LIC ANNUAL MAINTENANCE
ORACLE	ORACLE 78 NAMED USER OPS ANNUAL MTC FOR ECOMMERCE
ORACLE	ORACLE 78 NMD USER ANNUAL MAINTENANCE FOR ECOMMERCE
ORACLE	ORACLE DB AND OPS ANNUAL MAINT FOR ECOMMERCE
ORACLE	ORACLE MAINT FOR ECOM TEST SP ENVIRONMENT
ORACLE	ORACLE UPU DB ANNUAL MTCE FOR RMIS
ORACLE	ORACLE UPU FIN9000 ANNUAL MAINT FOR BSRP
PATHLORE	ANNUAL SUPPORT FOR EXPLAIN (ONLINE HELP)
PATHLORE	PHOENIX
PATHLORESOFTWARE	EXPLAIN CICS MVS
PATHLORESOFTWARE	PHOENIX
PRIMAVERA	ANNUAL MAINTENANCE CONTRACT
PRINCETOMSOFTECH	RELATIONAL TOOL
PRODATA	DBU AS400
PRODATA	DBU SOFTWARE
PROGRAMART	STROBE
RATIONAL	COST OF RENEWAL FOR SUPPORT FOR THE RATIONAL ROBOT TOOL
Rational CLEARCASE	ANNUALMAINTENANCECONTRACT
MULTISITE	
Rational CLEARQUEST	ANNUALMAINTENANCECONTRACT
CLEARCASE	
REALMED	SCREEN SURFER - CUSTOMER INQUIRIES
Recognition Research, Inc.	Forms Processing Project Maintenance
REPOSSESYSYSTEMS	DBSBPT
REQUISITEPRO	ANNUAL MAINTENANCE CONTRACT
REVEAL	REVEAL NET ANNUAL MAINTENANCE
REVEAL	REVEAL NET ANNUAL MTCE NEW FOR ECOMMERCE
RIVERTON	HOW Framework renewal and support
RMIS	RESOURCE MANAGEMENT INFORMATION SYSTEM
RMS	ANNUAL SUPPORT FOR LATRON (DENTAL)
ROCKETSOFTWARE	ROCKET COMPLIER
SAS	ALL PRODUCTS
SAS	ANNUAL MAINTENANCE COST FOR PC SAS
SASINSTITUTE	SAS DB2
SASINSTITUTE	SAS BASE

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November ____, 2001**

SASINSTITUTE	SAS CONNECT
SASINSTITUTE	SAS FSP
SASINSTITUTE	SAS GRAPHICS
SASINSTITUTE	SAS STAT
SERENA	COMPAREX
SERENASW	COMPAREX
SNNCSORT	PROC SYNCSORT
SOFTWAREENGINEERS	PDS FAST
SOFTWAREENGINEERS	SAVERS SYS LOGJCAL
SOFTWAREENGINEERS	TRMSVTAM CICS
SOFTWORKS	VSAM QUICK INDEX
STERLING	CONNECT MAILBOX
STERLING	DIRECT SN AND M400
STERLING	DIRECT SN AND MVS
STERLING	SHRINK IMS
SUNGARD	ANNUAL SUPPORT - PAREX INVESTMENTS SYSTEM
SUNGARD	ANNUAL SUPPORT - PAREX INVESTMENTS SYSTEM
SWHOSUE	SMS SERVER MAINTENANCE
SWHOUSE	CITRIX SOFTWARE MAINTENANCE
SWHOUSE	MICROSOFT DESKTOP ANNUAL MAINTENANCE CONTRACT
SWHOUSE	NAV 2 YEAR UPGRADE PROTECTION MAINTENANCE 2800 SEATS
SWHOUSE	NAV PLATINUM SUPPORT CONTRACT
SWHOUSE	NT SERVER MAINTENANCE
SWHOUSE	REFLECTIONS ANNUAL MAINTENANCE CONTRACT
SWHOUSE	SOFTWARE MAINTENANCE FOR SYBASE POWERBUILDER CLIENTF
SWHOUSE	SQL SERVER MAINTENANCE
SYBASE	4 POWERBUILDER LICENSES
SYBASE	SQL ANYWHERE ANNUAL MAINTENANCE
SYBASE	SYBASE 25 ASE LICENSE ANNUAL MTCE FOR STARS
SYBASE	SYBASE ASE/REPLCTN ANNL MAINT FOR FACETS XFER FROM 3212
SYNCOSRT	ND MOVER
SYNCSORT	COBOL ADVANTAGE
SYNCSORT	SYNCSORT
SYNCSORT	SYNCSORT UNIX VERSION
SYNERTECH	SYNERTECH SOFTWARE & MAINTENANCE CONTRACT
SYNSORT	SYNCSORT MVS
TCSASPECT	MAINTENANCE CONTRACT FOR MD ASPECT PORTION BALANCE IN DC BUDGET 3122
TCSASPECT	SOFTWARE MAINTENANCE COST FOR TCS SYSTEM WITH THE BALANCE IN COST CENTER 626
TDS	ANNUALSUPPORTFORALGS
TOGETHERSOFT	Renewal for Together Solo modeling tool from 2000 edistribution

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

TRIZETTO PPPA
UNITECHSYSTEMSINC
VIPS

OUTSOURCED CLINICAL SITE SOFTWARE
ACRSUMMER
ANNUAL MAINTENANCE CONTRACT - EXPENSED
MONTHLY FROM 8/2001 ON, ADDITIONAL EXPENSES WILL
NEED TO BE PUT IN PLACE IN 2002 FOR THE JAN - JUL TIME.
CONSILE

XENOS

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November ___, 2001**

Section 4.20 Real and Personal Property

REAL ESTATE PROPERTY OWNED:

1. 2211 York Road, Timonium, MD
2. 2205 York Road, Timonium, MD
3. 110 Baughman's Lane, Frederick, MD
4. One Knoll North Drive, Columbia, MD
5. Two Knoll North Drive, Columbia, MD
6. 201-205 West 14th Street, Wilmington, DE

ADMINISTRATIVE SITES:

1. Lease between Bay Street Venture, LLC and Delmarva Health Plan for Bay Street Plaza.
2. Lease between Allegheny County Commissioner and BCBS-MD dated May 1991 for NASCO, Commerce Drive.
3. Lease between Owings Mills Corporate Center Limited Partnership and BCBS-MD dated February 1, 1991 for Owings Mills 3 (I).
4. Lease between Four Owings Mills Corporate Center Limited Partnership and BCBS-MD dated February 1, 1992 for Owings Mills 4 (II).
5. Lease between Rouse Teachers Properties Inc. c/o Columbia Management, Inc. and BCBS-MD for Rivers Park I (Data Warehouse).
6. Lease between Columbia Management and BCBS-MD dated June 12, 1996 for Rivers Park II (Columbia Data Center).
7. Lease between Timonium Joint Venture and BCBS-MD dated September 24, 1996 for Timonium Business Park (Medicare, FEP, Medi-Care First).
8. Lease between HUB Partners Trust and CFS dated July 24, 1990, as amended on September 2, 1993 and July 31, 1997, for NationsBank Tower II, Baltimore City. Lease renewed - 10/01/00 to 09/30/07.
9. Lease between Parcel 49B Limited Partnership and Group Hospitalization and Medical Services, Inc. (D/B/A CareFirst BlueCross BlueShield) dated January 18, 2001 for Portals.
10. Lease between Merritt-DM1, LLC and CareFirst of Maryland, Inc. dated September 13, 1999 for Red Run.
11. Lease between Highwoods Realty Limited Partnership and Willse & Associates, Inc. (D/B/A CareFirst Administrators) dated July 1, 2000 for Charlotte, NC.
12. Lease between Pender Office, L.L.C. and National Capital Administrative Services, Inc. dated November 11, 1999 for Pender Business Park, Fairfax, VA.
13. Lease between JBG/JER 550 L.L.C. and Group Hospitalization and Medical Services, Inc. dated November 11, 1998 for 500-550 12th Street, S.W., Washington, D.C., 20065.
14. Lease between Foulkstone Partnership and BCBSD for 1401 Foulk Road.
15. Lease between Foulkstone Partnership and BCBSD for 1413 Foulk Road.
16. Lease between Christiana Health Care and BCBSD for 200 Hygeia Drive.
17. Lease between Delle Donne and BCBSD for 1011 Center Road.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

18. Lease between Four Owings Mills Corp. Center, L.L.P. and BCBS-MD, as amended on March 31, 1994.
19. Lease between Three Owings Mills Land Limited Partnership and BCBS-MD, as amended February 3, 1994.
20. Lease agreement by and between Parkways Enterprise Limited and Capital Area Services Company, Inc., dated March 5, 1992 for 200 Kanawha Boulevard East.
21. Lease between Airport Square XIX, LLC and Preferred Health Network of Maryland, Inc., dated January 4, 1996.

DISTRICT OFFICES:

1. Lease between 125 West St. Assoc. c/o Innovative Properties and BCBS-MD dated December 9, 1996 for Annapolis.
2. Lease between Jim Hilgeman and BCBS-MD dated 11/05/99 for Cumberland.
3. Lease between Capico, Inc. and BCBS-MD dated August 27, 1996 for Philmore Commons, Salisbury.
4. Lease between EP L.P. and BCBS-MD dated July 31, 1997 for Eastern Blvd., Hagerstown.

MEDICAL CENTERS:

1. Lease between Liberty Property, LP and CMP dated January 10, 1995 for Annapolis Regional.
2. Lease between Plumtree Station, L.L.P. and CFS dated July 16, 1996 for Bel Air.
3. Lease between PMG and BCBS-MD (no date) for Frederick Regional.
4. Lease between Beltway Crossing LLC and CFS dated May 22, 1996 for Glen Burnie.
5. Lease between Candler Associates and CFS dated July 25, 1996 for Inner Harbor.
6. Lease between CMP and BCBS-MD dated January 21, 1992 for Knoll I.
7. Lease between CMP and BCBS-MD dated January 21, 1992 for Knoll II.
8. Lease between Mountain Road Assoc. and CMP dated November 29, 1996 for Lake Shore (Pasadena).
9. Lease between All Saints Association c/o Phillips Property Management, Inc. and CMP dated November 18, 1994.
10. Lease between Whalen Properties L.P. and CFS dated October 3, 1996 for Security, 4 West Rolling Crossroads, Suite 200.
11. Lease between Montgomery Rd-1 Limited Partnership and CFS dated December 11, 1996 for Severna Park.
12. Lease between David S. Brown Enterprises and CFS dated September 19, 1996 for White Marsh.
13. Lease between Kensington Associates, LP and CFS dated October 1, 1996 for Wilkens Avenue.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Section 4.21 Affiliate Transactions

1. J. Richard Lilly, M.D., a member of the CareFirst, Inc. Board of Directors, is a physician whose practice receives reimbursement.
2. Charles W. Shivery, a member of the CareFirst, Inc. Board of Directors, is an executive with Constellation Energy Group, part of a company from which CareFirst purchases electricity.
3. Sister Carol Keehan, a member of the CareFirst, Inc. and BCBS-NCA Boards of Directors is CEO of Providence Hospital in the District of Columbia, which hospital receives reimbursement from CareFirst.
4. Edward J. Baran, Vice Chairman of the CareFirst, Inc. Board of Directors, is an executive with BCS Financial Services, Inc., a company from which CareFirst purchases certain insurances.
5. Ben Corballis, M.D., Vice Chairman of the BCBSD, Inc. Board of Directors, is a stockholder in a professional services corporation which receives reimbursements from BCBSD, Inc.
6. Garrett B. Lyons, D.D.S., a member of the BCBSD, Inc. Board of Directors, is a dentist who receives reimbursement from BCBSD, Inc.

**CareFirst Disclosure Schedules
Agreement and Plan of Merger
November __, 2001**

Section 6.1 Pre-Closing Operations

1. Section 6.1 shall not prevent or preclude CareFirst from entering into or renewing any contract or commitment with customers or providers in the ordinary course of business consistent with past practice, other than customer contracts with multi-year fee or rate guarantees involving an annual premium or administrative services fees in excess of \$2.5 million or other customer contracts involving an annual premium or administrative services fees in excess of \$10 million.
2. See also Section 4.21 disclosure schedule.
3. CareFirst may merge the CareFirst of Maryland, Inc. Retirement Plan and the Group Hospitalization and Medical Services, Inc. Pension Trust Plan in 2002. CareFirst also is considering merging the pension plan that covers BCBSD employees into one of its other pension plans.