

**SUPPLEMENT TO FORM "A" FILED WITH THE DELAWARE DEPARTMENT OF INSURANCE ON OCTOBER 18, 2002, RESPECTING THE PROPOSED ACQUISITION OF CONTROL OF BCBSD, INC. BY WELLPOINT HEALTH NETWORKS INC.**

January 21, 2003

This information contained in this Supplement shall amend and supplement the Form "A" statement respecting the proposed acquisition of control of BCBSD, Inc., filed on behalf of WellPoint Health Networks Inc. ("WellPoint") on October 18, 2002 (the "Form A"). The specific information contained herein shall supplement Items 1, 4 and 6 of the Form "A" to the extent such Items address the terms and conditions of the Agreement and Plan of Merger executed by and among WellPoint, CareFirst, Inc. ("CareFirst"), and Congress Acquisition Corporation on November 20, 2001.

WellPoint and CareFirst have agreed to present to their respective Boards of Directors for approval, on or before January 24, 2003, an Amended and Restated Agreement and Plan of Merger between the two organizations. The proposed form of Amended Merger Agreement is attached as Exhibit 1A-1, which may be inserted into the Form "A" under the same exhibit number. Principal changes from the original agreement 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 The revisions provide that at the closing of the transaction CareFirst's Merger Incentive Plan will be rescinded and that the Employment Agreements between CareFirst and its eight senior executives will be terminated.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. (See Appendix I to Amended Merger Agreement for form of Retention Agreement and Summary of CareFirst Senior Executive Post-Merger Compensation.) 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.
- 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 the changes reflected in the proposed form of Amended and Restated Agreement and Plan of Merger will address any concerns regarding the appropriateness and legality of CareFirst executive compensation, as well as the form of consideration ultimately payable at closing.

SIGNATURE AND CERTIFICATION

**SIGNATURE**

Pursuant to the requirements of Section 5003 of the Delaware Insurance Holding Company System Registration Act and Regulation No. 13, WellPoint Health Networks Inc. has caused this application to be duly signed on its behalf in the City of Thousand Oaks, State of California, this 21<sup>st</sup> day of January, 2003.

By: Thomas C. Geiser (SEAL)  
Thomas C. Geiser  
Executive Vice President, General Counsel  
and Secretary

Attest:

Robert A. Kelly  
(Signature of Officer)

\_\_\_\_\_  
(Title)

**CERTIFICATION**

The undersigned deposes and says that (s)he has duly executed the attached Supplement to Form "A" dated January 21, 2003, for and on behalf of WellPoint Health Networks, Inc.; that he is the Executive Vice President, General Counsel and Secretary of such company and that he is authorized to execute and file such instrument. Deponent further says that he is familiar with such instrument and the contents thereof, and that the facts therein set forth are true to the best of his/her knowledge, information and belief.

Thomas C Geiser  
(Signature)

THOMAS C GEISER  
(Type or print name beneath)