

**CAREFIRST, INC.
RESOLUTION PROPOSING
CERTAIN MODIFICATIONS
OF MEMBERSHIP STATUS
FOR BCBSD, INC.**

WHEREAS, on March 22, 2000, BCBSD, Inc. ("BCBSD") and CareFirst, Inc. ("CareFirst") consummated an Affiliation Agreement entered into by the two corporations on December 23, 1998 (the "Agreement"); and

WHEREAS, in order to fulfill certain provisions of the Agreement, which included changes to the governance structure of BCBSD, BCBSD's Certificate of Incorporation was amended effective March 22, 2000, and amended Bylaws of BCBSD were adopted on May 12, 2000; and

WHEREAS, according to the terms provided by the Affiliation Agreement and implemented in the amended Bylaws and Certificate of Incorporation of BCBSD, CareFirst was designated as Sole Member of BCBSD and the Directors of BCBSD who had also been serving as its Members resigned such Memberships in favor of CareFirst, thus providing control of BCBSD to CareFirst; and

WHEREAS, certain legislation has been enacted in Maryland (the "Maryland Legislation") which alters in a number of respects the legal, regulatory and governance requirements imposed on CareFirst; and

WHEREAS, the Board of BCBSD and the Insurance Commissioner of Delaware have indicated that they believe strongly that the Maryland Legislation alters in a number of material respects certain matters relevant to the affiliation arrangement; and

WHEREAS, the Board of BCBSD is concerned that the issues presented by the Maryland Legislation will not be resolved in a manner satisfactory to BCBSD and the Insurance Commissioner of Delaware; and

WHEREAS, the Board of BCBSD therefore has requested the approval in principle of the proposal described below designed to maintain the affiliation on a contractual service agreement basis rather than a structural membership basis, subject to negotiation of final terms and receipt of any necessary regulatory approvals, and subject to the preference that the proposal be withdrawn or modified if acceptable resolution of the issues of concern can be obtained; therefore

upon motion duly made and seconded:

IT IS HEREBY RESOLVED and approved in principle that the necessary steps be taken, including without limitation the execution by CareFirst of all necessary documents, so as to modify the corporate membership structure and the Blue Cross Blue Shield Association

("BCBSA") licensure status of BCBSD as follows: (a) CareFirst would relinquish its status as Sole Member of BCBSD; (b) the members of BCBSD's Board of Directors would be elected or appointed by CareFirst as Members of BCBSD, thereby resuming their pre-affiliation majority control of BCBSD; (c) CareFirst would support the application of BCBSD for BCBSA service mark licensure in its own name; and (d) if consistent with such BCBSA licensure of BCBSD, CareFirst would remain a Member of BCBSD (the "Proposal").

BE IT FURTHER RESOLVED that the Proposal is approved in principle, and counsel and management are directed to prepare necessary documents, and seek necessary regulatory approvals, to implement the Proposal, subject to the right of BCBSD to withdraw or modify the Proposal to the extent appropriate, given future regulatory and legislative action in Maryland and Delaware, and subject to approval of the final definitive documents by this Board of Directors.

Adopted by the CareFirst, Inc. Board of Directors at a special meeting held on September 9, 2003.