

News Release

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For Immediate Release

CAREFIRST STATEMENT

RE: NEW 'REFORM' LAW AND BLUE LICENSE REMOVAL

May 22, 2003

Please attribute this as being a corporate statement.

CareFirst is caught in a huge tug of war between the new CareFirst reform law in the state of Maryland, the trademark license removal by the Blue Cross and Blue Shield Association (BCBSA) and obligations of local regulators relative to the affiliation agreements in Washington, D.C, and Delaware.

We are extremely disappointed at Maryland Governor Robert Ehrlich's signing of the "reform legislation" that triggered the Association's action to remove the Blues license and ability to use the name and trademark. The BCBSA made it clear that the passage of this law would result in the loss of the use of the name and marks. The Association has filed a suit in the U.S. District Court for the Northern District of Illinois to prevent CareFirst's continued use of the Blue Cross and Blue Shield trademark

Our goal is to protect the interests of our 3.2 million policyholders in Maryland, Delaware, the District of Columbia and Northern Virginia. We are exploring all options toward that goal, including instituting legal action of our own, and joining others who have, or will file suit.

Regardless of how the license issue is resolved, CareFirst members will notice little immediate change in services or products. We expect our providers to continue to render the same care they now do, and CareFirst will honor its commitments to members and providers.

We will be working with regulators in Delaware and D.C. to minimize any disruption relative to the affiliations in those areas.