PRICEWATERHOUSECOOPERS

Executive Compensation Review:

Addendum - Competitiveness and Reasonableness of Premera Form A Exhibit G-10 and Equity Incentive Plan

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November 2003

Executive Summary

- General Conclusions -

- Premera's total share reserve (7% of total outstanding shares or "TSO") approximates the median of market practice.
  - The total initial stock option grant to employees, management and outside directors of 3.2% of total shares outstanding approximates the median of competitive practice.
    - The initial equity grant to the Top Five officers of .6% also approximates the median of competitive practice.
  - Premera proposes a reserve pool of 1.46% of TSO for the initial two year period following the conversion. However, the company cannot grant more than 1.1% of TSO from its reserve pool during the initial year if it wishes to remain within the maximum percent allowable under Form A.
  - The planned share usage (i.e., the annual percentage of TSO granted to employees and outside directors) in the first two years following conversion is not representative of ongoing market practice, which is typically 1-2% of TSO. The OIC may wish to seek clarification from Premera regarding planned share usage for the years immediately following the first two years.
- The Form A requires management and outside directors to wait 3 months following the conversion to receive stock options. The OIC should extend this restriction period to a minimum of 6 months to 1 year following the conversion in order to be consistent with competitive practices. We also suggest that during the restriction period, management and outside directors are precluded from receiving other types of equity awards (e.g., restricted stock, performance shares).

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Executive Summary

- General Conclusions -

- Premera plans to continue the existing long-term incentive plan in 2004. Additionally, LTIP awards will be payable in stock instead of cash commencing in 2005. It is atypical for companies to maintain a performance-based long-term incentive plan after completing an initial public offering. Premera must disclose this plan in the prospectus if it wishes to secure transition relief from Internal Revenue Code Section 162(m) and to receive a federal tax deduction for compensation paid to the Top Five. We also recommend that the performance goals be formally approved by shareholders and the 2004 and 2005 plans require achievement of a minimum total shareholder return in order to "trigger" any plan payouts.
- Premera must state the maximum stock option grant to any single individual in its Form A filing (paragraph 5a of the proposed Equity Incentive Plan).
- Pursuant to Premera's proposed Equity Incentive Plan, the Compensation Committee has discretion to accelerate the vesting of outstanding stock options (paragraph 14a). Specifically, unvested stock options that would have otherwise been forfeited can result in a charge to earnings.
- Form A and the existing CiC policy should be amended to reflect a newly adopted provision set forth by Premera's Compensation Committee. This provision stipulates that stock option vesting will not accelerate within 2 years of the conversion. Thereafter, stock options will accelerate and become fully vested and exercisable if either (i) the optionee's employment is not terminated and outstanding stock options will be not assumed or substituted by an acquirer or (ii) the optionee is terminated or constructively terminated during the CiC protection period.

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Executive Summary

- Post-Conversion Scorecard -

Component	Below Market	At Market	Exceeds Market	Key Findings
Top Five Total Direct Compensation (vs. the Compensation Peer Group)				▪ Base salaries are at market considering Premera's relative size to the Compensation Peer Group. ▪ TCC and TDC are below market practice.
Base Salary		✓		
Total Cash Compensation	✓			
Total Direct Compensation	✓			
Top Five Total Direct Compensation (vs. the Survey Group)			✓	▪ TDC is significantly above the median of competitive practice.
Outside Director Compensation				▪ Total Cash Compensation (annual retainer plus meeting fees) is consistent with the market median. ▪ Total Direct Compensation (Total Cash Compensation plus annual stock option grant valued using a [redacted] Black-Scholes factor) is consistent with the market median.
Total Cash Compensation		✓		
Total Direct Compensation		✓		

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Executive Summary

- Post-Conversion Scorecard -

Component	Below Market	At Market	Exceeds Market	Key Findings
Share Reserve		✓		▪ The proposed share reserve (7% of total shares outstanding) approximates the median of competitive practice.
Restriction Period			✓	▪ Premera has proposed a restriction period of 3 months following the conversion before any stock options are granted to management and outside directors. ▪ Market practice indicates a minimum restriction period of 6 months to 1 year before management and outside directors receive their initial stock option grant.
Initial Equity Grant		✓		▪ Premera's total initial equity grant to employees, management and outside directors (3.2% of total shares outstanding) approximates the median of competitive practice.
Initial Equity Grant to the Top Five		✓		▪ Premera's initial equity grant to the Top Five officers (.6% of total shares outstanding) approximates the median of competitive practice.

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Post-Conversion: Total Direct Compensation

- Top Five Base Salary -

Key Findings:

Overall, base salaries are 10 percent below the market median. Base salaries are positioned appropriately given Premera's relative size to the Compensation Peer Group.

Position	2002 Base Salary	Proxy		Differential		Percent Rank
		50th	75th	50th	75th	
President/Chief Executive Officer	650,016	723,273	856,591	-10%	-24%	33rd Percentile
EVP/Corp Sec/Chief Legal & Policy Officer	407,208	439,605	511,058	-7%	-20%	44th Percentile
EVP Health Care Services & Strat. Dvpt	308,040	381,252	438,126	-19%	-30%	27th Percentile
EVP/Chief Marketing Executive	308,000	324,028	396,990	-5%	-22%	47th Percentile
EVP & Chief Financial Officer	300,048	298,308	346,490	1%	-13%	51st Percentile
Average for Top 5				-10%	-24%	40th Percentile

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Post-Conversion: Total Direct Compensation

- Top Five Total Cash Compensation -

Key Findings:

Overall, Total Cash Compensation is 24 percent below the median Compensation Peer Group practices

Position	TCC	Proxy		Differential		Percent Rank
		50th	75th	50th	75th	
President/Chief Executive Officer	PROPRIETARY MATERIAL REDACTED					
EVP/Corp Sec/Chief Legal & Policy Officer						
EVP Health Care Services & Strat. Dvpt						
EVP/Chief Marketing Executive						
EVP & Chief Financial Officer						
Average for Top 5						

TCC for the Chief Marketing Executive reflects his target bonus opportunity (per Mercer's report to the Compensation Committee dated October 17, 2003.

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Post-Conversion: Total Direct Compensation

- Top Five Total Direct Compensation -

Key Findings:

Overall, Total Direct Compensation is 29 percent below the median of Compensation Peer Group practices.

Position	2002 TDC	Proxy		Differential		Percent Rank
		50th	75th	50th	75th	
President/Chief Executive Officer	[redacted]					
EVP/Corp Sec/Chief Legal & Policy Officer						
EVP Health Care Services & Strat. Dvpt						
EVP/Chief Marketing Executive						
EVP & Chief Financial Officer						
Average for Top 5						

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TCC for the Chief Marketing Executive reflects his target annual and long-term incentive opportunity (per Mercer's report to the Compensation Committee dated October 17, 2003).

TDC includes proposed stock option grants based on a fair market value of [redacted] and a Black-Scholes value equal to [redacted] of the fair market value.

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Post-Conversion: Total Direct Compensation

- Top Five Total Direct Compensation -

Key Findings:

Overall, Total Direct Compensation is 46% and 55% above the median of general health insurance industry and BCBS practices, respectively.

Position	2002 TDC	Competitive Practice				Differential			
		Health Insurance Industry		Blue Cross Blue Shield		Health Insurance Industry		Blue Cross Blue Shield	
		50th	75th	50th	75th	50th	75th	50th	75th
President/Chief Executive Officer	PROPRIETARY MATERIAL REDACTED								
EVP/Corp Sec/Chief Legal & Policy Officer									
EVP Health Care Services & Strat. Dvpt									
EVP/Chief Marketing Executive									
EVP & Chief Financial Officer									
Average									

Note: The market pricing sheet for the Chief Marketing position is provided on page 15 of this report. Pricing sheets for the other executive positions are included in Appendix B of the full report.

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Post-Conversion: Total Direct Compensation

- Outside Director Compensation (Non-employees) -

- Total Cash and Total Direct Compensation for outside directors is consistent with competitive practices.

Program Element	Premera's Outside Director Compensation Program	Competitive Practices (Median)
Annual Retainer	$21,500	$23,500
Total Cash Compensation*	**$41,500**	**$39,300**
Meeting Fees		
-Per Board Meeting	$1,200	$1,600
-Per Committee Meeting	$1,200	$1,500
Total Direct Compensation** (Stock options valued using the Black-Scholes pricing model)	**$116,500*****	**$121,700**

*Includes the annual retainer, Board and Committee meeting fees and fees for service as the Chairman of a Committee. Assumes 5 Board meetings and 5 Committee meetings per year.

**Total Direct Compensation is equal to Total Cash Compensation plus annual value of stock-based grants.

***5,000 stock options granted at a [redacted] fair market value with a Black-Scholes value equal to [redacted] of the fair market value. PROPRIETARY MATERIAL REDACTED

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Post Conversion: Equity Reserve and Allocation

- Shares Reserved for Employees and Outside Directors -

As contained in Exhibit G-10 of Form A, Premera has proposed a maximum share reserve equal to 7 percent of the total shares outstanding after giving effect to the conversion transaction and any subsequent equity offerings.

- The proposed share reserve under Premera's Stock Ownership Plan approximates the median of competitive practice.

Company	Total outstanding after IPO	Employee Plan		Director Plan[1]		Stock Purchase Plan		Total	
		Shares	Percent	Shares	Percent	Shares	Percent	Shares	Percent
AMERIGROUP	19,182,012	2,064,000	10.8%			600,000	3.1%	2,664,000	13.9%
AmerUs Group	23,449,478	1,400,000	6.0%	150,000	0.6%			1,550,000	6.6%
Anthem	103,088,000	7,000,000	6.8%			3,000,000	2.9%	10,000,000	9.7%
Centene	10,596,369	682,685	6.4%			300,000	2.8%	982,685	9.3%
John Hancock Financial Services	331,700,000	16,585,000	5.0%	1,000,000	0.3%	800,000	0.2%	18,385,000	5.5%
MetLife	786,203,472	37,823,333	4.8%	500,000	0.1%			38,323,333	4.9%
MONY Group	47,037,500	2,361,908	5.0%					2,361,908	5.0%
Principal Financial Group	375,600,000	21,648,355	5.8%	500,000	0.1%	7,216,000	1.9%	29,364,355	7.8%
Prudential Financial	585,600,000	42,000,000	7.2%					42,000,000	7.2%
Trigon Healthcare	42,300,022	3,550,000	8.4%	550,000	1.3%	1,000,000	2.4%	5,100,000	12.1%
WellChoice	82,300,000	6,250,000	7.6%			3,000,000	3.6%	9,250,000	11.2%
RightChoice	18,700,000	500,000	2.7%	60,000	0.3%			560,000	3.0%
WellPoint	99,500,000	4,600,000	4.6%			400,000	0.4%	5,000,000	5.0%
Cobalt	16,812,081	4,625,000	27.5%					4,625,000	27.5%
25th Percentile	20,248,879	2,138,477	5.0%	237,500	0.2%	550,000	1.5%	2,437,431	5.2%
Median	64,668,750	4,612,500	6.2%	500,000	0.3%	900,000	2.6%	5,050,000	7.5%
75th Percentile	274,547,000	14,188,750	7.5%	537,500	0.6%	3,000,000	3.0%	16,288,750	10.9%

NOTES:

Source: Executive Compensation Reports

[1] In cases where the company combines employee and director plans, shares reserved for awards to directors are included in plans for employees.

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Post Conversion: Equity Reserve and Allocation

- Initial Stock Option Grants -

- Premera's proposes share usage upon conversion approximates the median of competitive practice.
  - Premera has reserved a maximum of 1.5 percent of outstanding shares that can be granted to non-officers or non-directors plus a maximum reserve equal to 2.8 percent of outstanding shares that can be granted to officers, employees or outside directors.
  - During the initial year following the conversion, Premera has proposed to grant a total of 3.21% of total shares outstanding of which .6% will be granted to the Top Five.

Company	Total outstanding after IPO	TOP Five	All Other Employees	Total Percent
AMERIGROUP	19,182,012	1.0%	3.3%	4.3%
AmerUs Group	23,449,478	2.1%	1.7%	3.8%
Anthem[1]	103,088,000	0.4%	2.6%	3.0%
Centene	10,596,369	0.7%	4.7%	5.4%
John Hancock Financial Services	331,700,000	0.7%	3.7%	4.4%
MetLife	786,203,472	0.1%	1.5%	1.6%
MONY Group	47,037,500	1.2%	2.1%	3.4%
Principal Financial Group[1]	375,600,000	0.1%	1.3%	1.4%
Prudential Financial[1]	585,600,000	0.1%	3.6%	3.7%
Trigon Healthcare	42,300,022	1.3%	3.8%	5.2%
WellChoice[2]	82,300,000			
RightChoice[3]	18,700,000			1.2%
WellPoint	99,500,000	1.2%	2.1%	3.3%
Cobalt	16,812,081	2.7%	1.0%	3.7%
25th Percentile	20,248,879	0.3%	1.7%	3.0%
Median	64,668,750	0.9%	2.4%	3.7%
75th Percentile	274,547,000	1.3%	3.6%	4.3%

Source: Executive Compensation Reports

[1] Companies made a one-time grant to non-executive employees following IPO. Grants to the Top Five and other senior management were made in 2002.

[2] Wellchoice disclosed the terms of their equity incentive plan in their quarterly report for the period ending 6/30/03 but not specific grant details

[3] Companies only disclosed the aggregate number of stock options granted

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Post Conversion: Equity Reserve and Allocation

- Restriction Guidelines on Equity Ownership -

- Premera's proposed Stock Ownership Plan expressly prohibits grants of stock to any employee, officer or outside director during the initial 12 months following the conversion, but it does retain discretion to make grants of stock options during that same period. Management and outside directors are subject to a 3-month restriction period before they can receive a stock option grant.
- Summary of competitive findings:
  - Five of the fourteen companies either did not disclose or were silent regarding restrictions on equity ownership. Of the nine that have disclosed restrictive guidelines,
    - The majority of the guidelines were self-imposed or negotiated by management. Two of the companies indicated that equity grants were restricted by state statute.
    - Virtually all of the restrictive guidelines prevent executives and outside directors from:
      - Receiving stock-based grants (e.g., restricted stock, stock options) during the restriction period
      - Purchasing the company's common stock during the restriction period (which, presumably, would include the exercise of a stock option)
    - The restriction period ranged from 6 months to 2 years following the IPO/conversion date with the most typical period being 6 months or 1 year.
    - One company conditioned the extent of the restriction (i.e., how long, type of transaction) on the class of employee; less restrictive for non-officers or non-directors.

Note: These type of restrictions differ from "lock-up" agreements, which are a legally binding contracts between the underwriters and insiders of the company undergoing an initial public offering (IPO). These agreements prevent insiders from selling any shares of stock for a specified period of time.

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Methodology: Total Direct Compensation Survey Analysis

Definitions

Premera-

Base Salary = 2002 Base Salary

Bonus = 2002 Actual Bonus Earned (and paid in 2003)

Total Cash Compensation = Base Salary plus Bonus

Long Term Incentives (pre-conversion) = 2002 Actual LTI Earned (and paid in 2003).

Long Term Incentives (post-conversion) = 2002 Actual LTI Earned (and paid in 2003) plus proposed stock option grants based on an exercise price/fair market value of [ ] and a Black-Scholes value equal to [ ] of the fair market value.

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Total Direct Compensation (pre-conversion) = Total Cash Compensation plus Long Term Incentives (pre-conversion)

Total Direct Compensation (post-conversion) = Total Cash Compensation plus Long Term Incentives (post-conversion)

* Note: Since Mr. H. Donigan is a new Top Five officer, his Total Cash Compensation and Total Direct Compensation are based on Target Bonus and Target Long Term Incentive opportunities, respectively, as reported by Mercer's report to the Compensation Committee on October 17, 2003.

Survey Group-

Base Salary – Base Salary aged to 2/1/03

Bonus – Difference between Total Cash Compensation and Base Salary

Total Cash Compensation – Total Cash Compensation aged to 2/1/03

Long Term Incentives - Competitive LTI expressed as a percent of base salary consisting of stock options, restricted stock, and cash-based performance plans applied to the competitive median and 75th percentile base salary levels. These percentages were adjusted to reflect Premera's private company status using a discount rate of 40 percent. The post-conversion analysis reflects the full value of long-term incentives (i.e, long-term incentive values were NOT discounted by 40%)

Total Direct Compensation – Total Cash Compensation plus Long Term Incentives

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Methodology: Total Direct Compensation Proxy Analysis (Top 5)

- To benchmark the TDC competitiveness of Premera's Top Five officers to publicly traded companies, we:
  - Selected a peer group of 12 publicly held Managed Care Organizations (MCOs) and hospitals with revenues ranging between $760 million and $5 billion
  - Collected summarized pay data from Equilar, Inc.
  - Matched executives by pay rank order to named executive officers (NEOs) reported in the proxy statement filed by peer companies (i.e., CEO to CEO, 2nd highest paid in Premera to NEO #2, etc.)

Definitions of Terms-

Base Salary – 2002 Base Salary

Annual Bonus – the average bonus paid for fiscal years 2000-2002

Total Cash Compensation – Base Salary plus Annual Bonus

Long Term Incentives – Equal to the three-year (fiscal years 2000-2002) average of (i) Black Scholes value of stock options granted (ii) face value of restricted stock granted and (iii) long-term incentive payouts.

Total Direct Compensation – Total Cash Compensation plus Long Term Incentives

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Total Direct Compensation: Executives (Top 5)

Top Sales & Marketing Executive

Current Title: EVP, Chief Marketing Executive

Survey Source	Survey Industry	Survey Net Premiums	Survey Position Title	Number of Survey Matches	50th Percentile Base Salary	50th Percentile Implied Bonus (% of Base)	50th Percentile Total Cash	75th Percentile Base Salary	75th Percentile Implied Bonus (% of Base)	75th Percentile Total Cash
1	Tradtl MCO	$3 817.9M	Top Sales & Marketing Executive	9	$291.7	48%	$43[illegible].3	$370.4	42%	$524.3
2	BlueCross Blue Shield	$2 [illegible]0[illegible].7M	Top Sales & Marketing Executive	[illegible]3	$275.8	51%	$415.8	$304.0	51%	$459.3
3	Life & Health Ins. Carriers	$[illegible] 540.0M	Top Sales & Marketing Executive	4	$289.4	[illegible]2%	$323.4	$301.9	3[illegible]%	$391.8
4	All Orgs.	$2875.0M	EVP (Not COO)	[illegible]1	$333.0	40%	$456.7	$411.9	5[illegible]%	$642.1
		Estimated Local Market Value (Average)			$297.5	38%	$409.3	$347.1	45%	$504.4
		Estimated Local Market Value (Weighted Average)			$298.2	43%	$424.7	$352.0	48%	$522.2
		Standard Deviation/Average Local Market Value			8.3%		14.9%	15.5%		21.1%

Sources:

1. William M. Mercer, Integrated Health Network Executive Module, 2002.
2. William M. Mercer, Integrated Health Network Executive Module, 2002.
3. Watson Wyatt, Top Management Report, 2002.
4. Watson Wyatt, Health, Annuity, and Life Insurance Compensation Report, 2003.

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Post-Conversion Total Direct Compensation: Executives (Top 5)

CEO

Company	Base Salary	3 Year Average Bonus	Total Cash Compensation	3 Year Average Long Term Incentive	Total Direct Compensation
WELLCHOICE INC	$850,000	$622,500	$1,472,500	$452,760	$1,925,260
UNIVERSAL HEALTH SERVICES INC	$1,030,000	$1,032,697	$2,062,697	$12,239,478	$14,302,175
TRIAD HOSPITALS INC	$976,240	$727,093	$1,703,333	$3,979,245	$5,682,578
SIERRA HEALTH SERVICES INC	$876,364	$984,983	$1,861,347	$1,785,338	$3,646,685
OXFORD HEALTH PLANS INC	$609,616	$1,183,333	$1,792,949	$9,023,607	$10,816,556
MID ATLANTIC MEDICAL SERVICES INC	$818,226	$683,241	$1,501,467	$2,302,913	$3,804,379
AMERICAN MEDICAL SECURITY GROUP INC	$700,000	$641,667	$1,341,667	$865,813	$2,207,479
HEALTH MANAGEMENT ASSOCIATES INC	$600,000	$698,438	$1,298,438	$7,583,139	$8,881,577
FIRST HEALTH GROUP CORP	$746,545	$547,092	$1,293,637	$3,354,980	$4,648,617
COVENTRY HEALTH CARE INC	$594,230	$1,100,000	$1,694,230	$1,636,250	$3,330,480
COBALT CORP	$673,751	$246,377	$920,128	$502,880	$1,423,008
AMERIGROUP CORP	$560,083	$1,050,000	$1,610,083	$450,243	$2,060,326
25th Percentile	$607,212	$636,875	$1,330,859	$775,079	$2,170,691
50th Percentile	723,273	712,765	1,555,775	2,044,125	$3,725,532
75th Percentile	856,591	1,037,023	1,725,737	4,880,219	6,482,328
90th Percentile	966,252	1,095,000	1,854,508	8,879,560	10,623,058
PREMERA	$650,016				
	33rd Percentile				

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Post-Conversion Total Direct Compensation: Executives (Top 5)

EVP #2

Company	Base Salary	3 Year Average Bonus	Total Cash Compensation	3 Year Average Long Term Incentive	Total Direct Compensation
WELLCHOICE INC	$420,000	$710,000	$1,130,000	$174,812	$1,304,812
UNIVERSAL HEALTH SERVICES INC	$322,088	$249,000	$571,088	$1,288,723	$1,859,811
TRIAD HOSPITALS INC	$473,187	$238,217	$711,404	$1,618,845	$2,330,250
SIERRA HEALTH SERVICES INC	$309,002	$196,133	$505,135	$554,436	$1,059,571
OXFORD HEALTH PLANS INC	$500,000	$596,667	$1,096,667	$5,735,937	$6,832,603
MID ATLANTIC MEDICAL SERVICES INC	$818,226	$683,241	$1,501,467	$2,302,913	$3,804,379
AMERICAN MEDICAL SECURITY GROUP INC	$298,308	$236,733	$535,041	$216,863	$751,904
HEALTH MANAGEMENT ASSOCIATES INC	$230,000	$274,583	$504,583	$2,247,008	$2,751,591
FIRST HEALTH GROUP CORP	$901,746	$322,376	$1,224,122	$293,177	$1,517,298
COVENTRY HEALTH CARE INC	$544,230	$700,000	$1,244,230	$1,021,250	$2,265,480
COBALT CORP	$459,209	$215,978	$675,187	$833,309	$1,508,497
AMERIGROUP CORP	$321,923	$298,333	$620,256	$236,378	$856,634
25th Percentile	$318,693	$237,846	$562,076	$278,977	$1,243,502
50th Percentile	439,605	286,458	693,296	927,280	1,688,555
75th Percentile	511,058	618,310	1,153,530	1,775,886	2,435,585
90th Percentile	790,826	698,324	1,242,219	2,297,322	3,699,101
PREMERA	$407,208	[PROPRIETARY MATERIAL REDACTED]			
	44th Percentile				

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Post-Conversion Total Direct Compensation: Executives (Top 5)

EVP # 3

Company	Base Salary	3 Year Average Bonus	Total Cash Compensation	3 Year Average Long Term Incentive	Total Direct Compensation
WELLCHOICE INC	$650,000	$0	$650,000	$287,509	$937,509
UNIVERSAL HEALTH SERVICES INC	$362,503	$216,333	$578,836	$799,697	$1,378,534
TRIAD HOSPITALS INC	$456,077	$229,464	$685,541	$1,570,604	$2,256,145
SIERRA HEALTH SERVICES INC	$290,922	$141,750	$432,672	$560,117	$992,789
OXFORD HEALTH PLANS INC	$400,000	$361,267	$761,267	$2,700,806	$3,462,073
MID ATLANTIC MEDICAL SERVICES INC	$635,202	$488,044	$1,123,246	$1,975,706	$3,098,953
AMERICAN MEDICAL SECURITY GROUP INC	$298,308	$228,400	$526,708	$216,863	$743,571
HEALTH MANAGEMENT ASSOCIATES INC	$220,000	$261,250	$481,250	$2,366,431	$2,847,681
FIRST HEALTH GROUP CORP	$400,005	$90,909	$490,914	$1,066,627	$1,557,541
COVENTRY HEALTH CARE INC	$359,231	$500,000	$859,231	$556,417	$1,415,648
COBALT CORP	$432,142	$199,086	$631,228	$833,309	$1,464,538
AMERIGROUP CORP	$306,901	$290,000	$596,901	$90,049	$686,950
25th Percentile	$304,753	$184,752	$517,760	$489,190	$978,969
50th Percentile	381,252	228,932	614,065	816,503	1,440,093
75th Percentile	438,126	307,817	704,472	1,671,879	2,404,029
90th Percentile	617,290	475,367	849,435	2,327,359	3,073,826
PREMERA	$308,040				
	27th Percentile				

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Post-Conversion Total Direct Compensation: Executives (Top 5)

EVP # 4

Company	Base Salary	3 Year Average Bonus	Total Cash Compensation	3 Year Average Long Term Incentive	Total Direct Compensation
WELLCHOICE INC	$400,000	$200,000	$600,000	$262,248	$862,248
UNIVERSAL HEALTH SERVICES INC	$272,950	$222,667	$495,617	$870,541	$1,366,158
TRIAD HOSPITALS INC	$348,055	$176,328	$524,383	$935,856	$1,460,239
SIERRA HEALTH SERVICES INC	$251,693	$145,067	$396,760	$512,419	$909,178
OXFORD HEALTH PLANS INC	$400,000	$351,667	$751,667	$1,383,360	$2,135,027
MID ATLANTIC MEDICAL SERVICES INC	$403,731	$234,582	$638,313	$1,232,007	$1,870,321
AMERICAN MEDICAL SECURITY GROUP INC	$246,154	$199,567	$445,721	$463,498	$909,219
HEALTH MANAGEMENT ASSOCIATES INC	$300,000	$113,056	$413,056	$1,486,112	$1,899,168
FIRST HEALTH GROUP CORP	$395,986	$87,336	$483,322	$1,066,627	$1,549,949
COVENTRY HEALTH CARE INC	$349,231	$308,333	$657,564	$296,500	$954,064
COBALT CORP	$286,743	$118,372	$405,115	$218,643	$623,758
AMERIGROUP CORP	$291,530	$281,667	$573,197	$94,551	$667,748
25th Percentile	$283,295	$138,393	$437,554	$287,937	$897,446
50th Percentile	324,028	199,783	510,000	691,480	1,160,111
75th Percentile	396,990	246,353	609,578	1,107,972	1,630,042
90th Percentile	400,000	305,667	655,639	1,368,225	1,896,283
PREMERA	$308,000	[PROPRIETARY MATERIAL REDACTED]			
	47th Percentile				

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Post-Conversion Total Direct Compensation: Executives (Top 5)

EVP # 5

Company	Base Salary	3 Year Average Bonus	Total Cash Compensation	3 Year Average Long Term Incentive	Total Direct Compensation
WELLCHOICE INC	$409,231	$181,569	$590,800	$174,812	$765,612
UNIVERSAL HEALTH SERVICES INC	$269,000	$184,667	$453,667	$871,969	$1,325,636
TRIAD HOSPITALS INC	$346,490	$140,481	$486,971	$792,350	$1,279,321
SIERRA HEALTH SERVICES INC	$270,104	$106,000	$376,104	$314,487	$690,591
OXFORD HEALTH PLANS INC	n/a	$211,650	N/A	$952,997	N/A
MID ATLANTIC MEDICAL SERVICES INC	$322,902	$83,409	$406,311	$226,758	$633,069
AMERICAN MEDICAL SECURITY GROUP INC	$298,308	$120,167	$418,475	$125,993	$544,468
HEALTH MANAGEMENT ASSOCIATES INC	n/a	$94,375	N/A	$339,108	N/A
FIRST HEALTH GROUP CORP	$367,312	$58,052	$425,364	$1,066,627	$1,491,991
COVENTRY HEALTH CARE INC	n/a	$237,500	N/A	$153,750	N/A
COBALT CORP	$285,252	$65,486	$350,738	$273,304	$624,042
AMERIGROUP CORP	$267,600	$281,667	$549,267	$94,551	$643,818
25th Percentile	$270,104	$91,633	$406,311	$169,547	$633,069
50th Percentile	298,308	130,324	425,364	293,896	690,591
75th Percentile	346,490	191,413	486,971	812,255	1,279,321
90th Percentile	375,696	234,915	557,573	944,894	1,358,907
PREMERA	$300,048	[PROPRIETARY MATERIAL REDACTED]			
	51st Percentile				

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