

COVENTRY
Health Care

CIBC Health Care Conference

November 9, 2004

Safe Harbor And Other Legal Statements

- ◆ Certain statements herein are forward-looking. Certain risks and uncertainties, including those in the Company's filings with the SEC, including its Form 10-K, may materially impact those statements and could cause actual future results to differ materially from those discussed.
- ◆ This is not a solicitation of a proxy from any First Health stockholder. Coventry and First Health filed a registration statement on Form S-4 with the SEC in connection with the merger. The Form S-4 contains a prospectus/proxy statement and other documents for the First Health stockholders' meeting to consider the merger. The Form S-4 and proxy statement/prospectus contain important information about Coventry, First Health, the merger and related matters. Investors and stockholders should read the Form S-4, the proxy statement/prospectus and other documents filed with the SEC in connection with the merger carefully before they make any decision on the merger. The Form S-4, proxy statement/prospectus, and all other documents filed with the SEC are available free of charge at the SEC's web site, www.sec.gov. In addition, all documents filed with the SEC by Coventry in connection with the merger are available to investors free of charge by writing to: Coventry Health Care, Inc., 6705 Rockledge Drive, Suite 900, Bethesda, Maryland 20817, Attn: Investor Relations. All documents filed with the SEC by First Health in connection with the merger are available to investors free of charge by writing to: First Health Group Corp., 3200 Highland Avenue, Downers Grove, Illinois 60515, Attn: Investor Relations.
- ◆ Coventry, First Health, their respective directors and executive officers may be deemed participants in the solicitation of proxies from First Health's stockholders. Information concerning Coventry's directors and certain executive officers and their direct and indirect interests in Coventry is contained in its proxy statement for its 2004 annual stockholders' meeting. Information concerning First Health's directors and certain executive officers and their direct and indirect interests in First Health is contained in its proxy statement for its 2004 annual stockholders' meeting. Additional information regarding the interests of these participants in the merger is available in the proxy statement regarding the merger. Investors can obtain free copies of these documents from the SEC's website.



Agenda

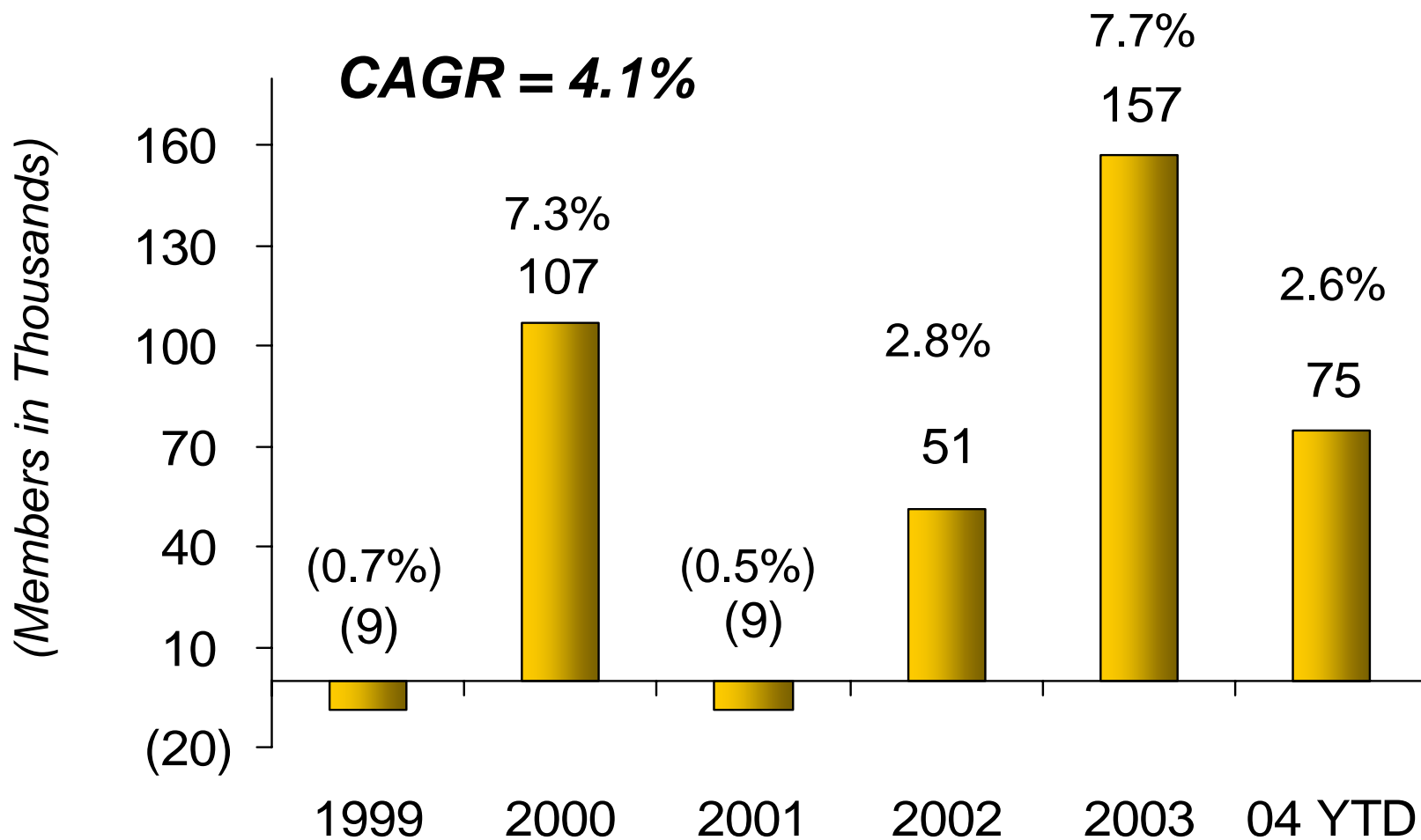
- ◆ Health plan business on track
- ◆ Why First Health?
- ◆ First Health overview
- ◆ Strategic opportunities
- ◆ Transaction summary
- ◆ How to follow our progress

Coventry On Track

Coventry On Track

- ◆ 2004 EPS growth of 34%
 - Stable margin outlook for 2005 in guidance
- ◆ Continued pricing discipline
 - Price to cost, not competition
- ◆ Stable, predictable cost trends
- ◆ Continuing SGA leverage
- ◆ Strong balance sheet and cash flows

Organic Growth: Not A Straight Line



Coventry Growth

- ◆ 1% - 3% organic membership growth for 2005
 - Q1 2005 will be negative due to previously announced loss of State Of Missouri and BJC
- ◆ Opportunities
 - HSA products in all markets effective 1/1/05
 - Individual products in Pennsylvania and Missouri
 - Service area expansion of 80 counties, a 11% increase in counties served
 - Retention stable
- ◆ Low cost structure wins in the long term

Coventry 2005 Guidance

- ◆ Risk Revenues: \$5.90B - \$6.00B
- ◆ Management Svcs: \$100.0M - \$105.0M
- ◆ MLR: 80.5% - 81.5%
- ◆ SG&A: \$660.0M - \$670.0M
- ◆ D&A: \$20.0M - \$21.0M
- ◆ Investment Income: \$43.0M - \$45.0M
- ◆ Interest Expense: \$14.5M - \$14.8M
- ◆ Tax Rate: 35.8% - 36.2%
- ◆ Diluted Share Count: 90.5M – 91.5M
- ◆ Diluted EPS: \$4.13 - \$4.17
 - Approximately 13% without acquisitions / share buyback

Why First Health?

Acquisition Rationale

- ◆ Diverse client / revenue base
 - Largely non-risk business
 - Group Health, Worker's Compensation, State Medicaid
- ◆ Growth - New Products
 - Especially Worker's Compensation and State Medicaid
- ◆ National presence - New Markets
- ◆ Meaningful revenue and expense synergies

Fits CVH Acquisition Model

- ◆ Logical extension of a business we understand
- ◆ Revenue / expense synergies drive short-term improvement
- ◆ Long-term growth opportunities
- ◆ Acquired at the right price
 - Accretive immediately before synergies

A Business We Understand

Key Skill Sets

CVH

FHCC

Timely, accurate claims payment



Product design



Slice underwriting



High quality, low cost service



Provider contracting



Managing SG&A

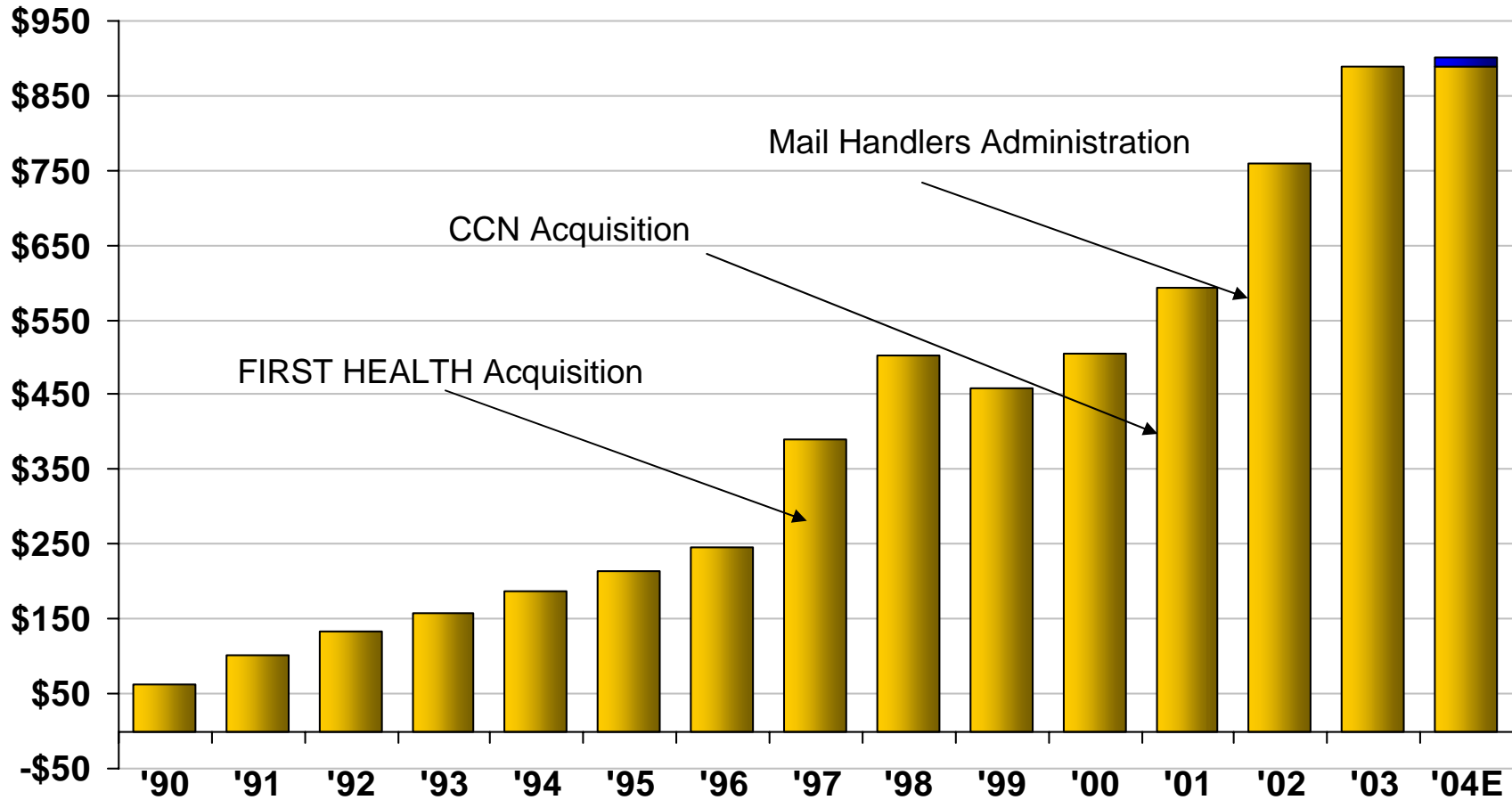


First Health Overview

First Health Overview

- ◆ Full service, managed care company
 - Managed care administration
 - National provider network
 - Back office services
- ◆ National provider network
 - All 50 states
 - 450,000 physicians and 4,300 hospitals
 - Ancillary providers / facilities
- ◆ Substantially ASO business model
 - Unregulated cash flows
 - Nominal insurance risk
 - High margins
- ◆ Diversified revenue / earnings stream
 - Group health (3 segments)
 - Workers compensation
 - Public sector

First Health Historical Revenues (in millions)



 '04 Estimated range

FHCC 2004 Quarterly Income Statement

| (000s) | QUARTER ENDED | | |
|-------------------------------|---------------------|---------------------|---------------------|
| | <u>MAR 31, 2004</u> | <u>JUN 30, 2004</u> | <u>SEP 30, 2004</u> |
| | <u>\$</u> | <u>\$</u> | <u>\$</u> |
| REVENUE | | | |
| FEHBP | 58,754 | 57,170 | 57,963 |
| CORPORATE | 43,987 | 40,377 | 39,355 |
| INSURERS/TPA | 25,108 | 25,065 | 24,710 |
| WORKERS' COMPENSATION | 51,010 | 55,512 | 51,328 |
| PUBLIC SECTOR | 39,282 | 42,639 | 44,988 |
| TOTAL REVENUE | 218,141 | 220,763 | 218,344 |
| TOTAL OPERATING EXPENSES | 153,236 | 152,201 | 155,136 |
| DEPRECIATION AND AMORTIZATION | 18,401 | 19,529 | 19,748 |
| NET INCOME | 28,805 | 30,048 | 27,642 |

2004

Opportunities and Issues

- ◆ Expanding Workers' Compensation Market Place
- ◆ Expanding Public Sector Opportunities and Margins
- ◆ The Mail Handlers Benefit Plan
- ◆ Highly Competitive Corporate Sector

Leading Sector Franchises

- ◆ Market leader in Workers' Compensation
- ◆ Market leader in Public Sector / Medicaid PBM
 - #3 in Public Sector / Medicaid Fiscal Agent
- ◆ #2 in FEHB
- ◆ #2 in Carrier / TPA
- ◆ #5 in Corporate

2005 Outlook

- ◆ Workers' Compensation and Public Sector expected to be up in the high teens to mid-20% range
- ◆ Corporate and carrier/TPA expected to be flat
- ◆ FEHB well-planned for 2005 – enrollment visibility in late February 2005

Strategic Opportunities

First Health

- ◆ PPO Network
 - Integrate CVH / FHCC networks
 - 12% overlap with CVH health plans
 - Increase local contracting focus
- ◆ Worker's Compensation
 - Expanding opportunity driven by regulatory reform
- ◆ Medicaid
 - Expand opportunities in many states
- ◆ Mail Handlers
 - 2005 – stabilize membership
 - 2006 – more competitive products to modestly grow

Coventry

- ◆ Multi-site capability
 - Existing CVH customers
 - New sales opportunities
- ◆ Increase new product offerings
 - National PPO
 - Workers Compensation managed care
 - State Medicaid managed care – non-risk
- ◆ Build additional local health plans
 - Leverage First Health spend in selected markets to build local health plans

Transaction Summary

Transaction Summary

- Offer Per FHCC Share: ◆ \$9.375 in cash and 0.1791 in CVH shares
- Offer Price: ◆ \$18.70 per First health share
- Consideration: ◆ 50% stock, 50% cash
- Pro Forma Diluted Ownership ◆ 84%-85% CVH; 15%-16% FHCC
- Expected Closing: ◆ 1st quarter 2005
- Required Approvals: ◆ FHCC shareholders; Hart-Scott-Rodino and other regulatory; CVH shareholders (1)

1. Depends on success of tender offer for First Health options

Transaction Summary

Achievable Synergies

- ◆ Synergies will be realized from both companies
- ◆ Total 2003 pro forma SGA per S-4 of \$1.1 billion
- ◆ Year 1 synergies consist of:
 - Corporate and overhead \$20 million
 - Vendor contract savings \$5 million
 - In-sourcing opportunities \$0 million
 - Implementation of best practices \$0 million
- ◆ More to come

How To Tell We Are On Track

Acquisition & Integration Experience

- ◆ Management team experience at creating value via acquisitions
- ◆ Successful integration of 14 acquisitions since 1999
- ◆ Experience with transformational transactions – Principal Health Care
- ◆ Experience with the MetLife / Travelers merger in 1995
- ◆ FHCC team
 - Know the businesses
 - Significant experience
 - Bench strength

How To Measure Our Progress

- ◆ Clarity of leadership
- ◆ Hit our numbers
 - Expense synergies realized
- ◆ Growth in CVH segment
 - New markets
- ◆ Network consolidation
 - CVH markets
 - Other markets
- ◆ FHCC growth
 - Mail Handlers stable
 - Renewed corporate growth
 - Continued success in Worker's Compensation and Public Sector

Summary

- ◆ CVH core health plan business right on track
- ◆ Opportunity to acquire related businesses we understand
 - Resources to manage exist within
- ◆ Significantly accretive immediately
 - Financially prudent transaction structure
- ◆ Adds management depth
- ◆ Companies stronger together than separately in tomorrow's world



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