



COVENTRY
Health Care

October 14, 2004

Safe Harbor & Other Legal Statements

- ◆ Certain statements in this presentation will be forward-looking statements. Certain risks and uncertainties, including those in the Company's filings with the SEC, including its annual reports on Form 10-K, may materially impact those statements and could cause actual future results to differ materially from those anticipated or discussed.
- ◆ Reconciliation of any non-GAAP measures discussed in this presentation will be posted on our Investor Relations website at www.cvty.com.

Coventry 3Q 2004 Results

- ◆ Membership: 2.45 million members, up 4% over the prior year quarter
- ◆ Revenues: \$1.33 billion, up 15.6% over the prior year quarter
- ◆ Operating Margin: 9.6%, up 70 basis points over the prior year quarter
- ◆ Diluted EPS: \$0.96, up 29.7% over the prior year quarter
- ◆ Annualized ROE: 33.0%

Planning for Stability

- ◆ Coventry recently announced the retirement of President & CEO, Allen F. Wise, effective January 1, 2005
 - Allen F. Wise to assume position of Chairman of the Board
 - Current Chairman John A. Austin to remain as member of the Board
- ◆ Concurrently announced implementation of succession plan
 - Effective January 1, 2005, Dale B. Wolf, current EVP & CFO, to assume the position of CEO
- ◆ Planning for leadership commenced in Summer of 2003
 - Succession, continuity, positioning for the future

Acquisition Rationale

- ◆ Strong platform for growth and meaningful synergies and savings from best practices
- ◆ National presence combined with local network strength
- ◆ Broad product portfolio and diversified client base
 - Diversified revenues and cash flow streams
 - Risk / non-risk
 - National accounts / large group / small group / government

Acquisition & Integration Experience

- ◆ Management team experience at creating value through acquisitions
- ◆ Successful integration of 14 acquisitions since 1999
- ◆ Experience with transformational transactions – Principal Health Care, Inc.
- ◆ Experience with the MetLife / Travelers merger in 1995
 - Allen Wise
 - Dale Wolf
 - Thomas McDonough
 - Harve DeMovick

Transaction Summary

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

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



Pro Forma Capitalization

Sources

Excess Cash	\$223
New Revolver	69
New Term Loan	300
New Senior Notes	500
Common Shares	896
Total	\$1,988

Uses

Common Equity	\$1,756
Refinancing Falcon Debt	170
Transaction Costs	62
Total	\$1,988

Pro Forma Capitalization

Pro Forma Capitalization:

New Revolver	\$69
New Term Loan	300
Coventry 8.125% Senior Unsc. Notes	171
New Senior Notes	500
Total Debt	\$1,039

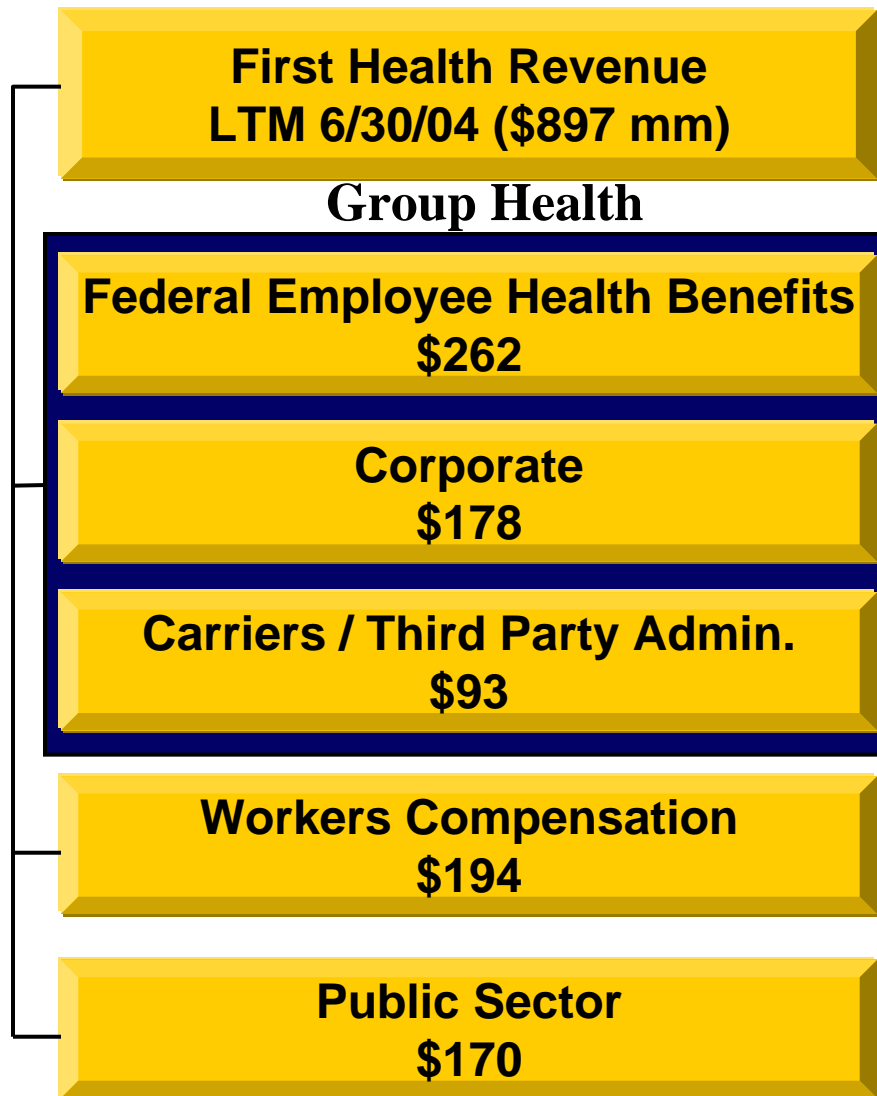
Equity \$2,037

Total Capitalization **\$3,076**

Credit Statistics:

Bank Debt / 2004E Pro Forma EBITDA	0.4x
Total Debt / 2004E Pro Forma EBITDA	1.26x
2004 Total Debt / Capitalization	33.8%

First Health Overview



- ◆ Full service, ASO health benefits 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
- ◆ \$895 mm in 2004E Revenue
- ◆ \$276 mm in 2004E EBITDA

National Presence with Local Network Strength

Geographic Footprint:

- ◆ 50 States, Puerto Rico and the District of Columbia

HMO Presence:

- ◆ 15 Markets

Combined Provider Network:

- ◆ 450,000 Physicians
- ◆ 4,300 Hospitals

Customers:

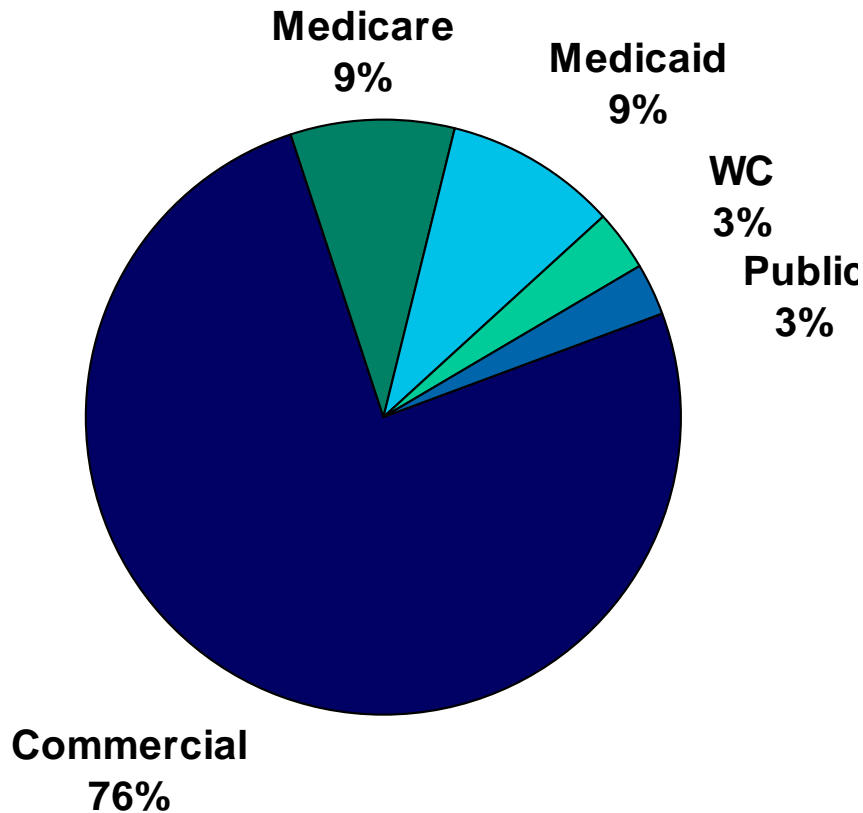
- ◆ More than 25,000

Employees:

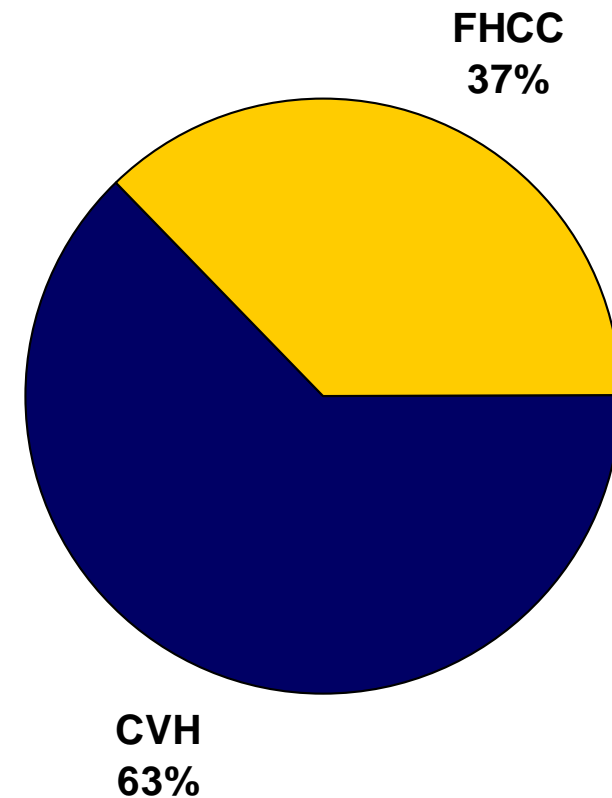
- ◆ ~10,200

Broad Product Portfolio and Diversified Client Base

Pro Forma Client Mix (1)



Pro Forma Business Mix (EBITDA)



1. Based on LTM revenues excluding other income, net as of 6/30/2004; assumes all group health and management services revenues are commercial

Achievable Synergies

- ◆ Recognize \$100+ million in annual pre-tax synergies over three years
- ◆ 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
- ◆ Positioned to implement over 36 months:

2005	\$20 – \$30 million
2006	\$40 – \$60 million
2007	\$100+ million

Coventry 2004 Guidance

- ◆ 4Q 2004 Diluted EPS: \$0.95 – \$0.97 per share
- ◆ Total Revenues: \$1.37 billion to \$1.38 billion
- ◆ Full Year 2004 Diluted EPS: \$3.66 – \$3.68

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

First Health Discloses Revised 2004 Guidance

- ◆ Diluted EPS: \$1.25 – \$1.28

Pro Forma Effect of Transaction

- ◆ Blended cost of new borrowing approximately 6%
- ◆ \$20–\$30 million pre-tax synergies expected to be realized in 2005
- ◆ 16.4 million new basic shares expected to be issued in the transaction
- ◆ Transaction expected to be 7%–9% accretive to Coventry's 2005 EPS guidance

Summary

- ◆ 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
- ◆ Relatively low risk transaction – Companies stronger together than separately in tomorrow's world

Additional Information

This communication is not a solicitation of a proxy from any security holder of First Health. Coventry and First Health intend to file a registration statement on Form S-4 with the SEC in connection with the Merger. The Form S-4 will contain a prospectus, a proxy statement and other documents for the stockholders' meeting of First Health at which time the proposed transaction will be considered. The Form S-4, proxy statement and prospectus will contain important information about Coventry, First Health, the Merger and related matters. Investors and stockholders should read the Form S-4, the proxy statement and prospectus and the other documents filed with the SEC in connection with the Merger carefully before they make any decision with respect to the Merger. The Form S-4, proxy statement and prospectus, and all other documents filed with the SEC in connection with the Merger will be available when filed 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 will be made 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 will be made 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 meeting of stockholders. 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 meeting of stockholders. Additional information regarding the interests of these participants in the Merger will be available in the proxy statement regarding the Merger. Investors can obtain free copies of these documents from the SEC's website.





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