

Term Sheet for Not-For-Profit Medical Foundation

Purpose:

To use the sum of \$15 million paid by CIGNA HealthCare, and any other proceeds contributed to the Foundation in connection with CIGNA HealthCare's settlement of claims by Physicians in *In re Managed Care Litigation*, MDL Docket No. 1334, in each case in accordance with the guidelines set forth herein. The stated objective is to use annually at least 25% of the \$15 million initially funded by CIGNA HealthCare and 10% of the additional proceeds contributed to the Foundation to further the purposes of the Foundation.

Form:

Not-for-profit, private non-stock corporation incorporated in Florida, with no stockholders (the "Foundation"). The Foundation will be established as a tax-exempt foundation under Section 501(c)(3) of the Federal Internal Revenue Code.

Governance: The original Executive Board of Directors ("Executive Board") to consist of ten voting members ("Voting Directors"). In addition, there will be an Advisory Board ("Advisory Board") consisting of all Signatory Medical Societies who are not on the Executive Board. The Signatory Medical Societies are the medical associations or societies of California, Texas, Florida, Louisiana, Georgia, Denton County (Texas), Alaska, Connecticut, Hawaii, Nebraska, New Hampshire, New Jersey, New York, North Carolina, South Carolina, Tennessee, Vermont, Washington, El Paso County (Texas) and Northern Virginia ("Signatory Medical Societies"). The Advisory Board will provide advice and assistance to the Executive Board but will not govern the Foundation. The Executive Board will govern the Foundation and generally will take action by majority vote at a meeting at which a quorum is present (to be decided by the proposed Executive Board).

Appointment of Directors:

10 original Voting Directors will be selected by Signatory Medical Societies. Any replacement or future Voting Directors shall be appointed by Signatory Medical Societies. The original Voting Directors will be named in the articles of incorporation.

Election of Officers for the Executive Board:

- To be elected by the majority of the Executive Board.

Actions Requiring Majority Executive Board (Voting Directors) Approval:

- 1) All grant approval and funding;
- 2) Expenditure of Foundation funds exceeding an amount to be fixed by the Executive Board;
- 3) Hiring and firing of management of the Foundation, which management will be responsible for administering the day-to-day operations of the Foundation;
- 4) Retention of money managers to make appropriate investments of the proceeds held by the Foundation.

Actions Requiring Consent of All Voting Directors:

Any amendment to the stated Purposes or Mission of the Foundation, the Foundation's tax status, or the prohibited Foundation activities (specified below), will require approval of all Voting Directors or mutual approval by the Signatory Medical Societies.

Removal of Voting Directors:

No Voting Director may be removed once in office, except for cause by a two-thirds majority vote of such Directors.

Investment Policy :

The assets of the Fund shall be invested in accordance with the following sequential priorities:

Protection of principal

Balanced current income and capital appreciation

Either current income or capital appreciation may be emphasized at any time, dependent upon market conditions and any planned expenditures from the Fund.

The Fund is not to invest in stocks, bonds or other securities of the tobacco industry. All equity investments should be guided by the "prudent man" principles. All fixed income investments must be of investment grade quality or better.

Any security owned by the Fund shall be within the framework of prudent fiduciary standards as defined by the Employee Retirement Income Security Act of 1974 (ERISA).

Investment Objectives:

The investment performance for all funds under management shall be reviewed under both relative and nominal goals. Performance shall be calculated quarterly and reported relative to these investment objectives.

The nominal goals for the Fund are to preserve and protect Fund principal while earning 5% above the 90-Day Treasury Bill rate earned during the current year. The nominal goals for each asset class are as follows: 1) Equities - 7% above the 90-Day T-Bill rate and/or exceed the S&P 500 stock index, 2) Fixed income - 3% above the 90-Day T-Bill rate and/or exceed the LB Govt./Corporate Bond index, and 3) Cash - 0.5% above the 90-Day T-Bill rate. Each shall be measured over rolling annual periods with the exception of the U.S. T-Bill objective which shall be measured over time frames of five years or more.

The relative goals will compare investment performance relative to like portfolio returns of a universe of investment advisers. Relative performance should locate in the top half of similar advisers' returns measured over rolling annual periods.

Location of Foundation's Offices:

[To be decided by the Executive Board]

Termination/Liquidation of the Foundation:

[To be decided by the Executive Board]

Mission Statement:

The Foundation shall be dedicated to promoting high quality health care and shall give particular emphasis to initiatives that assist physicians to improve/enhance the quality of care received by patients and to enhance the delivery of care to the disadvantaged members of the public.

Foundation Initiatives:

To be determined by the Executive Board.

Prohibited Foundation Activities

- 1) Lobbying or political advocacy;
- 2) Activities related to litigation, arbitration or other dispute resolution (other than any such activities that relate directly to the operation of the Foundation);
- 3) Medical research or animal research;
- 4) Research and or development of drugs or medical devices;
- 5) Any activity inconsistent with its status as a 501(c)(3) foundation.

Court Supervision:

The Foundation's purposes and activities shall be subject to the supervision of the United States District Court for the Southern District of Florida.