

CONSOLIDATED STATEMENTS OF INCOME

WELLCHOICE, INC. AND SUBSIDIARIES

Year ended December 31	2002	2001	2000
	<i>(in thousands, except share and per share data)</i>		
Revenue:			
Premiums earned	\$4,628,035	\$4,246,168	\$3,876,927
Administrative service fees	396,203	321,984	264,927
Investment income, net	64,806	69,356	65,497
Net realized investment gains (losses)	2,604	(12,403)	22,035
Other income, net	14,012	6,101	4,298
Total revenue	5,105,660	4,631,206	4,233,684
Expenses:			
Cost of benefits provided	3,947,382	3,738,821	3,426,417
Administrative expenses	833,160	742,777	686,214
Conversion and IPO expenses	15,350	2,043	566
Total expenses	4,795,892	4,483,641	4,113,197
Income from continuing operations before income taxes	309,768	147,565	120,487
Income tax benefit (expense)	67,847	(135)	74,540
Income from continuing operations	377,615	147,430	195,027
Loss from discontinued operations, net of taxes of \$0	(1,056)	(16,452)	(4,647)
Net income	\$ 376,559	\$ 130,978	\$ 190,380
Net loss for the period from November 7, 2002 (date of conversion and initial public offering) to December 31, 2002	\$ (38,542)		
Basic and diluted net loss per common share for the period from November 7, 2002 (date of conversion and initial public offering) to December 31, 2002	\$ (0.46)		
Shares used to compute earnings per share, based on weighted average shares outstanding November 7, 2002 (date of conversion and initial public offering) to December 31, 2002	83,333,244		

See notes to consolidated financial statements.