

POISED FOR GROWTH

Enrollment in commercial managed care products (excluding the New York State and New York City PPO membership) increased by 15.2% to 2.0 million as of December 31, 2002. Membership in all commercial managed care products, including New York State and New York City PPO membership, increased by 9.3% to 3.8 million as of December 31, 2002 over the prior year and reflects an adjustment for a change in membership reporting for the New York State PPO product.

Self-funded membership grew 23.7% to 1.5 million in 2002 and now accounts for 33.6% of overall membership. Membership in the other insurance products and services segment, which includes indemnity and individual products, declined by 24.8%, consistent with the market shift to managed care. Total membership was 4.6 million as of December 31, 2002.

WellChoice's leading position in the New York marketplace, combined with its exclusive Blue Cross Blue Shield license and its operating strengths, positions the Company for significant growth opportunities. The Company has a regional focus and national opportunities that include further penetration of existing markets, growing national accounts, and the introduction of new products.



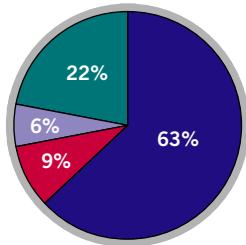
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Although it started in New York City and surrounding areas, WellChoice now serves three different markets: almost 3.2 million members* in metropolitan New York, Long Island and New Jersey market; 450,000 members* in upstate New York, which is included in our 28 county service area of eastern New York State; and over 1 million members in National Accounts throughout the country.

As market demands change, a broad choice of products is vital to protecting and growing market share. WellChoice has the necessary comprehensive choice of product offerings: this is its advantage. The Company also has significant flexibility to offer new products built on the depth of its experience in its markets combined with a solid capital base and technological leadership.

**Membership based principally on employer group locations.*

CUSTOMER BASE
(as of 12/31/02)



4,608,000 CUSTOMERS TOTAL

- Large Group **2,903,000**
- Small Group and Middle Market **394,000**
- Individuals **290,000**
- National Accounts **1,021,000**

The Company offers its customers a variety of funding arrangements, including insured and self-funded, or administrative services only (ASO). Its customer base includes large multi-state groups, large groups of more than 500 employees, middle market groups ranging from 51 to 500 employees, small groups with 2 to 50 employees, and individuals.

Middle market and small groups represent 42% of the New York market. Our potential for growth with these groups is high because of our large network, low cost structure, high customer service and ability to introduce new products. Our growth strategy includes the launch of a point of service (POS) product specifically for this market. POS plans have all the features of an HMO as well as the ability to use out-of-network providers subject to deductibles and/or co-insurance.

The PPO clearly meets a market need and has experienced a compound annual membership growth rate of 26% in the market since 1997. In the HMO market, compound annual growth rate has been 13%. Since the introduction of the EPO product in 1999, it has grown 135%.

The Company has also seen a steady growth in national accounts business. Contributing to this growth is the Blue brand name, excellent service levels, the largest national networks, unique quality and disease management programs and the introduction of our e-business portals. Its business wins in national accounts, with large employers such as General Dynamics, JP Morgan Chase and Insignia Financial Group, contributed to enrollment of 1 million members by the end of 2002.

