Poised for Growth

14%

increase in core commercial managed care membership

With our broad product portfolio, trusted name and disciplined pricing, WellChoice continued to see strong membership growth during 2003 both at the corporate level and in our core managed care products. As of December 31, 2003, overall corporate membership was 4.8 million, an increase of 3.2% over the prior year. Enrollment in the Company's core commercial managed care products, which excludes membership in the New York State and New York City accounts, increased 282,000, or 14%, to 2.3 million as of December 31, 2003. Membership in the entire commercial managed care segment, including New York State and New York City PPO membership, increased by 7.9% compared to the same period one year earlier, to 4.1 million as of December 31, 2003. Highlighting our leading marketplace share and **sustained enrollment growth**, WellChoice's PPO was once again ranked the #1 PPO in the New York metropolitan area in 2003 by *Crain's New York Business.*

Membership in the other insurance products and services segment, which includes indemnity and individual products, declined by 19.3% since year-end 2002, consistent with the market shift to managed care. Self-funded membership grew 12.1% to 1,736,000 since year-end 2002, and as of December 31, 2003 accounted for 36.5% of overall membership.

Year over year, the Company continues to undergo steady growth in our national accounts business. Leading national employer groups, including Siemens Corporation, ITT Industries, Quebecor World, Sony Electronics, Sony Pictures and Monster Corporation have joined the list of nationally recognized companies covered by WellChoice. As of January 2004, total national account membership was **1.2 million** members.

Supporting this membership growth is our ability to offer customers the option of alternative funding arrangements. In addition to offering products on a fully insured basis, we also offer selected products, including PPO, EPO and traditional indemnity products, on a self-funded, or ASO, basis in the large group market.

An unwavering commitment to underwriting discipline and appropriate pricing is also integral to successful growth in the marketplace. We continually review our underwriting and pricing guidelines on a product-by-product basis in order to maintain competitive rates. Knowing what to expect from year to year, this commitment provides WellChoice customers with consistent rate expectations and helps retain customers.

growth