

Filed by Wellpoint Health Networks Inc.  
pursuant to Rule 425 of the Securities  
Act of 1933 and deemed filed pursuant  
to Rule 14a-12 of the Securities  
Exchange Act of 1934

Subject Company: Cobalt Corporation  
Commission File No.: 1-14177

Certain statements contained in this filing contain forward-looking statements. Actual results could differ materially due to, among other things, operational and other difficulties associated with integrating acquired businesses, nonacceptance of managed care coverage, business conditions and competition among managed care companies, rising health care costs, trends in medical loss ratios, health care reform, delays in receipt of regulatory approvals for pending transactions and other regulatory issues. Additional risk factors are listed from time to time in WellPoint's various SEC reports, including, but not limited to, WellPoint's Annual Report on Form 10-K for the year ended December 31, 2002.

This filing may be deemed to be solicitation material in respect of the proposed merger of Cobalt Corporation by WellPoint. In connection with the proposed transaction, a registration statement on Form S-4 will be filed with the SEC. Shareholders of Cobalt Corporation are urged to read the registration statement, including the final proxy statement-prospectus that will be part of the registration statement, because it will contain important information about the proposed merger. The final proxy statement-prospectus will be mailed to the shareholders of Cobalt. After the registration statement is filed with the SEC, it and any amendments thereto will be available for free both on the SEC's website ([www.sec.gov](http://www.sec.gov)) and from Cobalt Corporation's and WellPoint's respective corporate secretaries. Cobalt Corporation and its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the interests of Cobalt's directors and executive officers will be included in the final proxy statement-prospectus.

Beginning June 4, 2003 and continuing from time to time thereafter, certain of the following slides will be used by senior management of WellPoint Health Networks Inc. in making presentations to analysts and investors in meetings and conferences.

# **Sanford C. Bernstein 19<sup>th</sup> Annual Strategic Decisions Conference**

**David C. Colby  
Executive Vice President &  
Chief Financial Officer  
WellPoint Health Networks Inc.**

**June 4, 2003**

This presentation contains non-GAAP financial measures as defined in the rules of the Securities and Exchange Commission. As required by the rules, a reconciliation of those measures to the most directly comparable GAAP

measures is available at our website, which can be found at [www.wellpoint.com](http://www.wellpoint.com).

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**The following presentation may be deemed to be solicitation material in respect of the proposed merger of Cobalt Corporation by WellPoint. In connection with the proposed transaction, a registration statement on Form S-4 will be filed with the SEC. Stockholders of Cobalt Corporation are encouraged to read the registration statement, including the final proxy statement-prospectus that will be part of the registration statement, because it will contain important information about the proposed merger. After the registration statement is filed with the SEC, it and any amendments thereto will be available for free both on the SEC's website ([www.sec.gov](http://www.sec.gov)) and from Cobalt Corporation's and WellPoint's respective corporate secretaries. Cobalt Corporation and its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the interests of Cobalt's directors and executive officers will be included in the final proxy statement-prospectus.**

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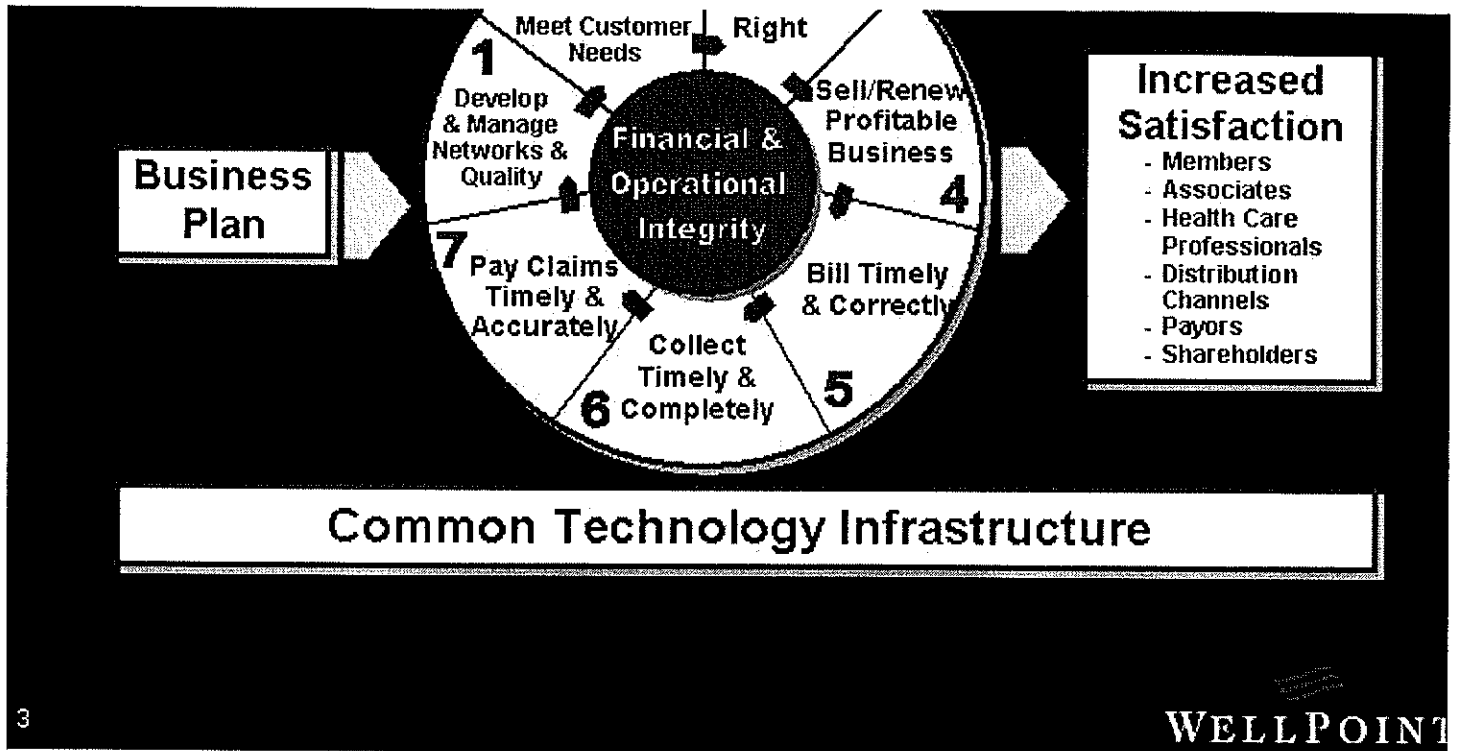
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# Business Process

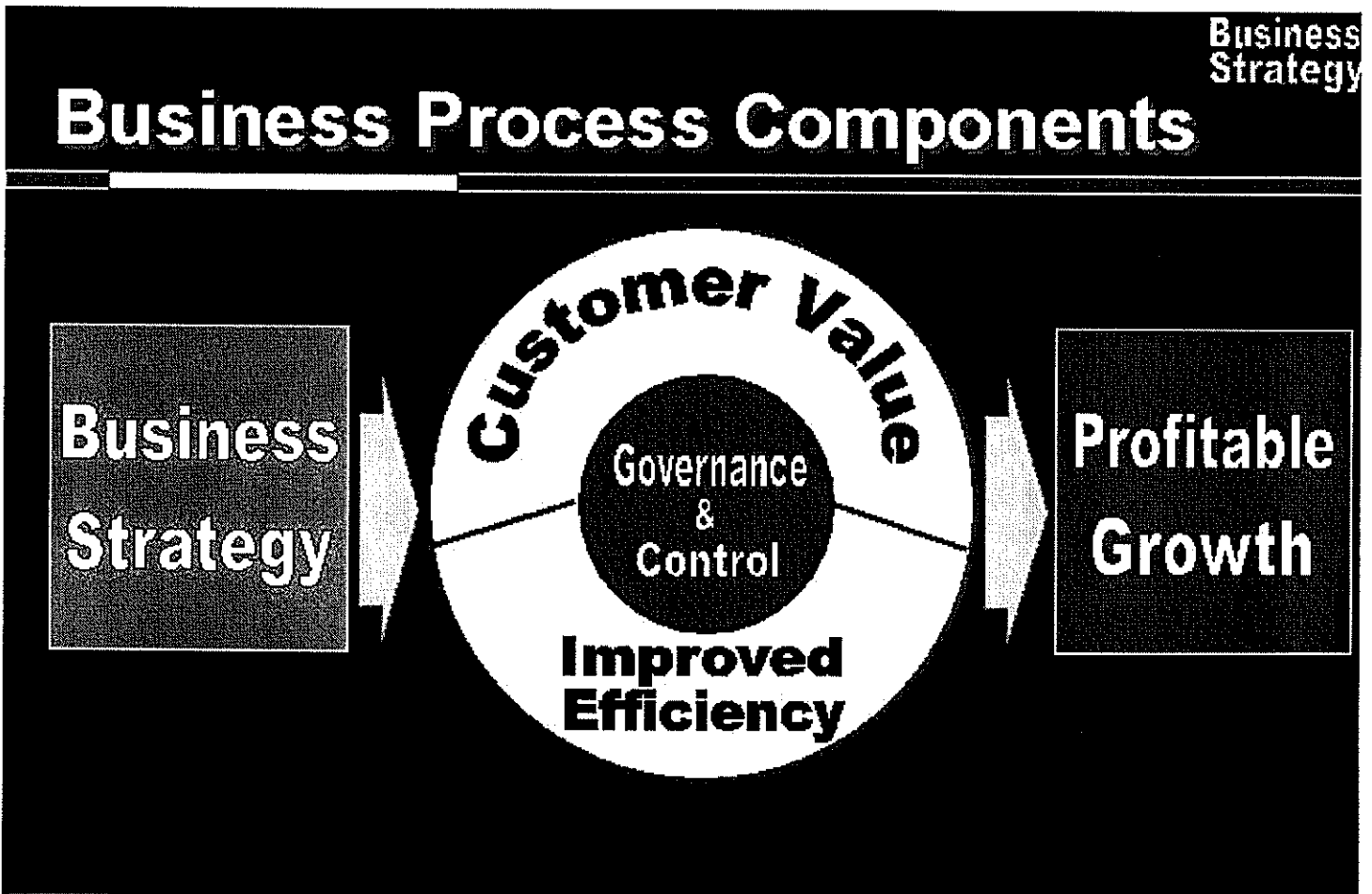
Business  
Strategy

2  
Design Plans  
& Products to

Price 3



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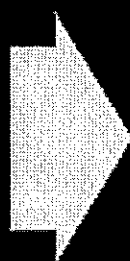
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Business Strategy

Business Strategy

Leverage  
Competitive  
Advantages



Profitable  
Growth

- ✓ Broad product offerings
- ✓ Diverse customer base
- ✓ Pricing flexibility
- ✓ Regional geographic focus

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Business Strategy

# Product Choice

Indemnity

Indemnity

PPO

Hybrid

POS

HMO

**Specialty Med**

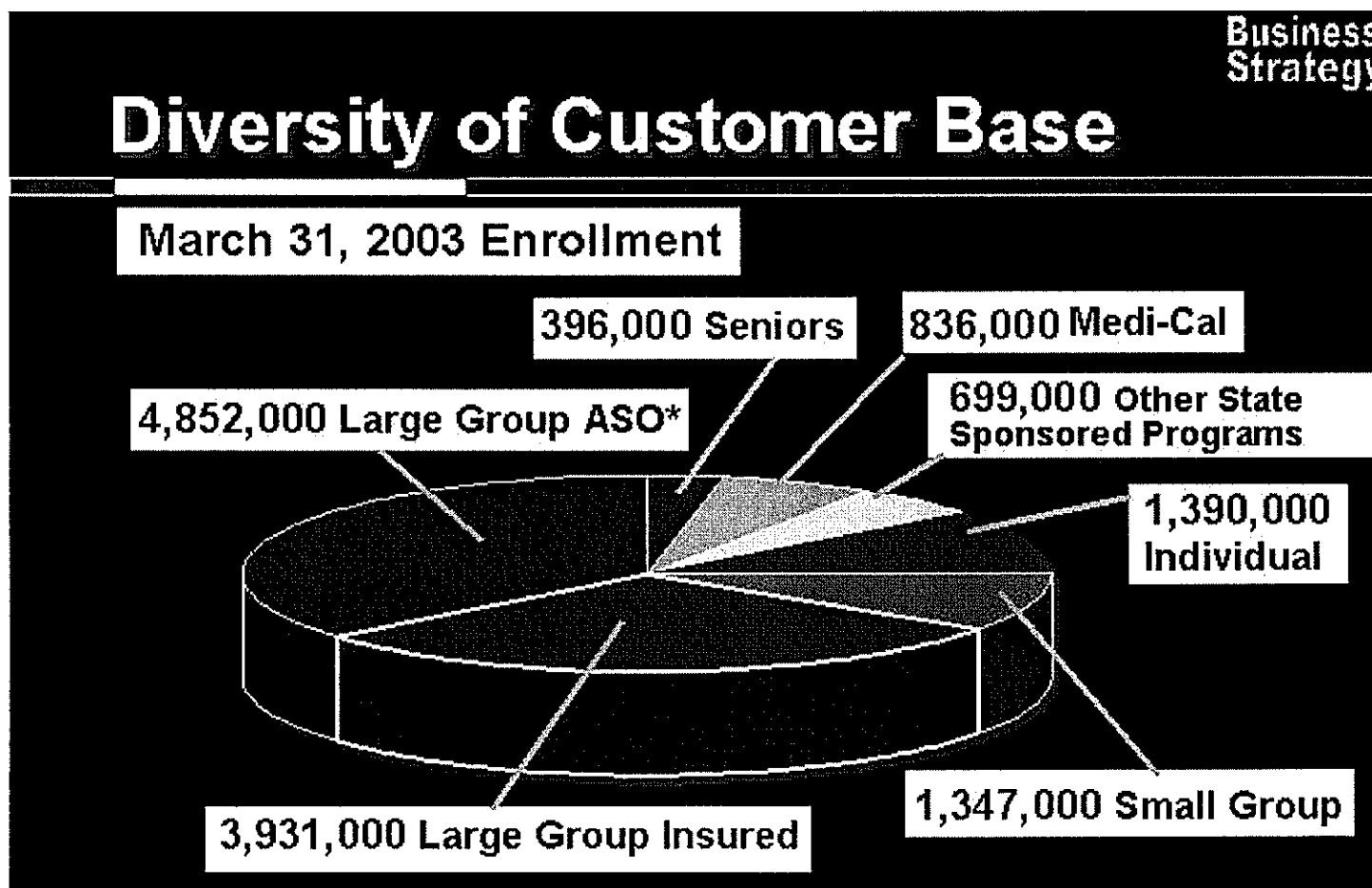
Pharmacy
Dental
Behavioral Health
Life/Long Term Care
Disability
Medical Management
Network Access

**CHOICE = VALUE**

**WELLPOINT**

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\* Includes 1.3 million network access members

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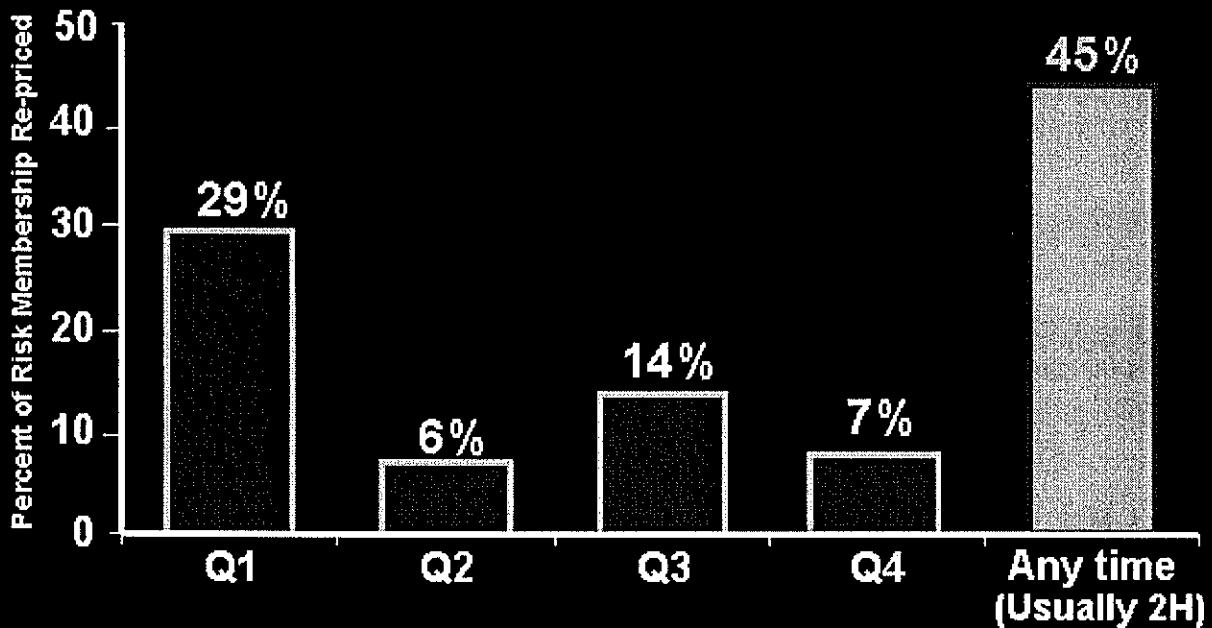
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# Pricing Flexibility Throughout the Year

Business Strategy

(As of March 31, 2003)



Note: Excludes state sponsored programs

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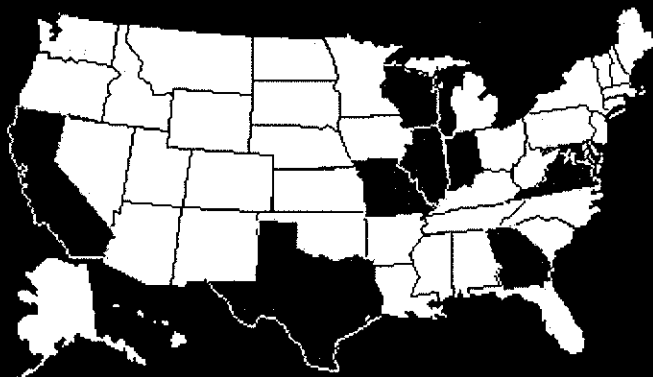
# Regional Concentration

Business Strategy

- Health care is locally delivered

and locally consumed

- Better network leverage
- Greater actuarial precision
- More efficient marketing/operations



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Business Strategy

# Internal Growth Strategy

## Internal Growth

Increase Market Share

Enrollment Growth  
5%

### Price Right

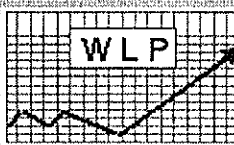
L.T. Medical Trend at 5%  
Revenues Increase 10%  
MCR Remains Constant

Increase Gross U/M  
10%

### Flat SG&A PMPM

Increase Net U/M  
14%

## Enhanced Shareholder Value



**Cash Flow  $\geq$   
Net Income**

**15% Net  
Income Growth**



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Business  
Strategy

# Opportunistic Acquisitions

**Internal Growth**

**Increase Market Share**

Enrollment Growth  
**5%**

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**Price Right**

L.T. Medical Trend at 5%  
Revenues Increase 10%  
MCR Remains Constant

Increase Gross U/M  
**10%**

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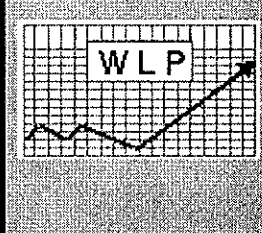
**Flat SG&A PMPM**

Increase Net U/M  
**14%**

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**Cash Flow  $\geq$   
Net Income**

**Enhanced  
Shareholder  
Value**



**15% Net  
Income Growth**

**Value  
Creation**

**Mergers & Acquisitions**

**Identify M & A Targets**

- Indemnity lives
- Managed care companies
- Specialty businesses

**Due Diligence**

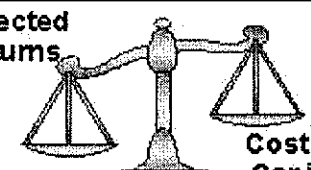
**Determine Opportunities for WLP  
Competencies to Create Value**

- Market share
- Geographic concentration
- Regulatory environment
- Population density
- Integration process
- Strategic fit / product mix
- Competitor implications

**Negotiation &  
Transition Planning**

**Evaluate Capital Allocation**

**Expected  
Returns**



**Cost of  
Capital**

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Business  
Strategy

# The Cobalt Merger

## A Very Compelling Transaction...



- Offers customers a broad product portfolio with geographic concentration
- Supports WLP's growth strategy in the Midwest and diversifies geographic profile
- Realize significant growth potential
  - Achieve market share gains in Wisconsin
  - Leverage distribution channels to grow ISG business
  - Offer additional specialty products
- Continued earnings growth opportunities as the operational turnaround continues
- New management team with a successful track record

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Business  
Strategy

## Transaction Summary

- Transaction valued at approximately \$906 million on a fully diluted basis or \$20.50 per CBZ share
  - 50% of consideration in cash (taxable)
  - 50% of consideration in WLP stock (tax-free) at a fixed exchange ratio (\$19.00 floor)
- Merger expected to yield returns in excess of WLP's cost of capital
  - Similar product portfolio and culture minimizes integration risk
  - Achievable revenue and cost synergies

# ➤ Merger expected to close by year end 2003

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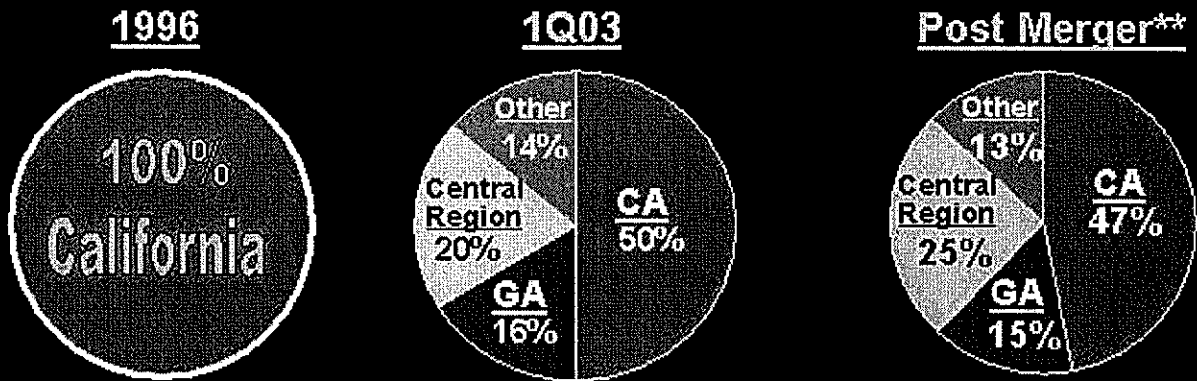


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Business Strategy

# Diversifies WLP Geographic Profile

## ➤ Medical membership by geography



\*As of 3/31/03

\*\*WLP & CBZ combined as of 3/31/03

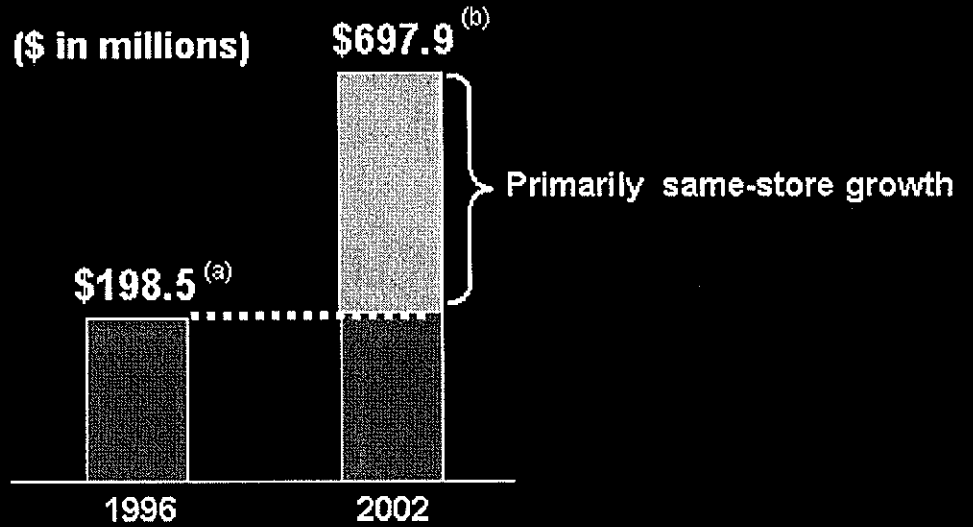
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# WellPoint Earnings Growth 1996 - 2002

Primarily internal growth augmented by acquisitions



(a) Income from continuing operations  
(b) Income before extraordinary items

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What Members Want

## What members want...

- ✓ Choice
- ✓ Access
- ✓ Information

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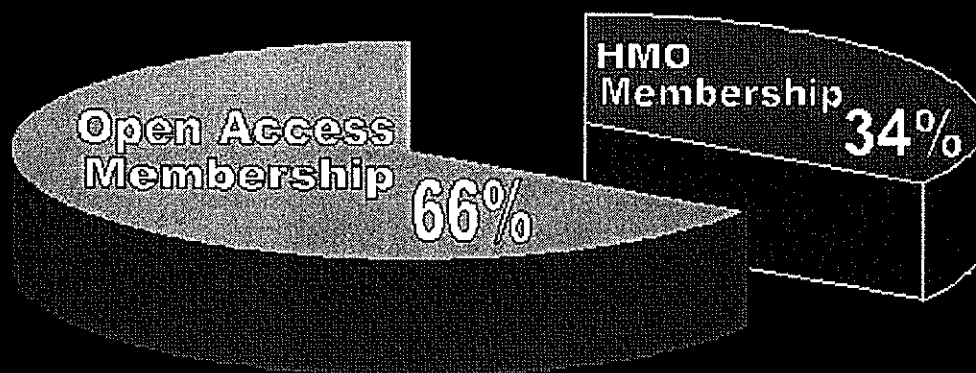
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## Open Access Products



As of March 31, 2003



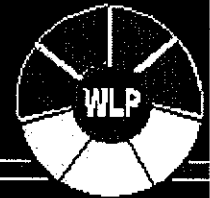
Note: HMO membership includes 1,361,000 State Sponsored Programs members

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# Products That Meet Customer Needs



**PlanScape**

Low price point products for individuals

**FlexScape**

Defined contribution plan for small employers

**Power CareAdvocate**

Health improvement program for large group members

**Power HealthFund**

Provides resources that assist members with health care decisions

**Ethnic Marketing**

Outreach to Hispanic, Asian & African American communities

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# Current CA Networks



**Behavioral Health Services**  
4,632 Physicians  
122 Facilities

**Prudent Buyer (PPO)**  
46K Physicians  
418 Hospitals

**BCC HMO**  
29K Physicians  
408 Hospitals

**Medicare Risk**  
13K Physicians  
139 Hospitals

**Medi-Cal Managed Care**  
14K Physicians  
210 Hospitals

**Chiropractic Network**  
2,494

**Standard Hospital Network**  
439

**Medicare Select**  
56 Hospitals

**Ambulatory Surgery Network**  
317 Facilities

**Clinical Lab Network**  
236 Sites

**Acupuncture Network**  
932

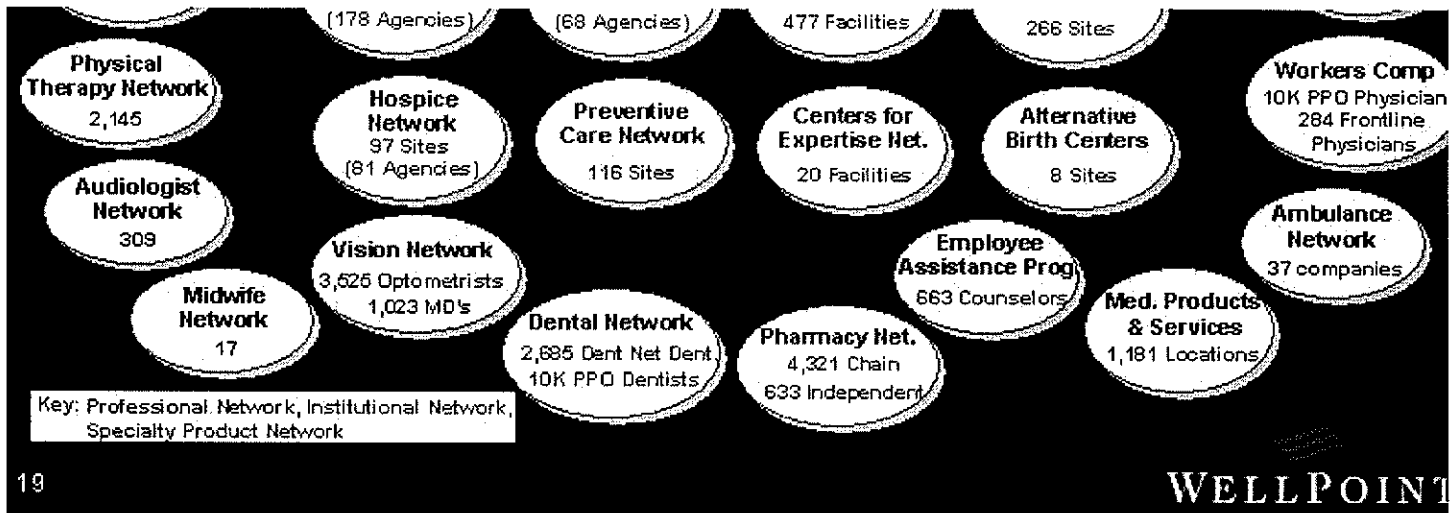
**Home Health Network**  
266 Sites

**Home Infusion Network**  
116 Sites

**Skilled Nursing Facility**

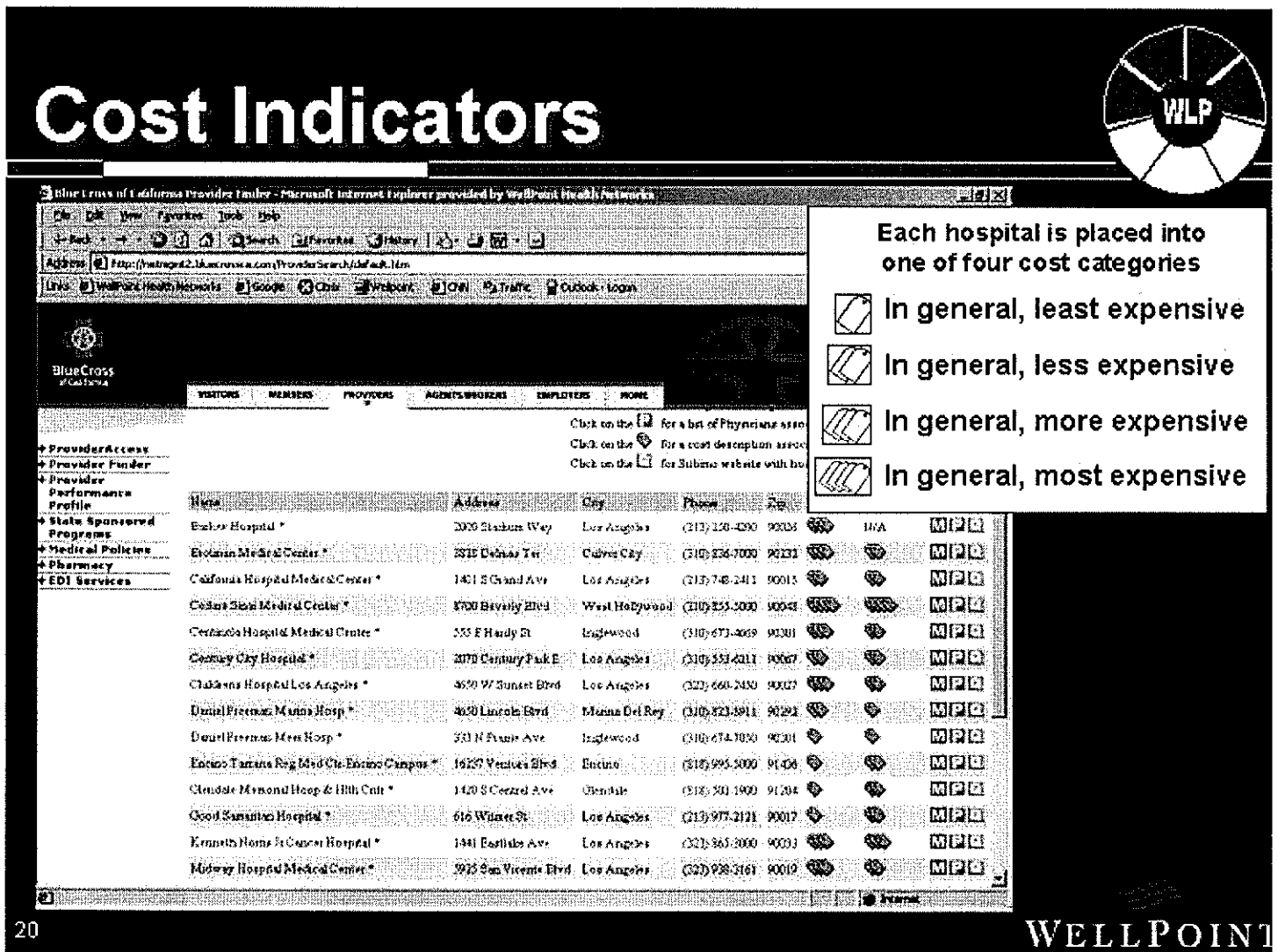
**Dialysis Centers**

**Imaging Centers Network**  
291 Sites



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# Quality Indicators



Brought to you by **Blue Cross of California**

Blue Cross of California (BCC) is an independent licensee of the Blue Cross Association (BCA) of CA, 2001 B.C.

### Hospital Clinical Experience and Outcomes for Selected Procedures

	CEDARS-SINAI MEDICAL CENTER	UCLA MEDICAL CENTER	PROVIDENCE ST. JOSEPH MEDICAL CENTER
<b>Valve Replacement and Repair: Inpatient</b>			
<b>Patients Having Procedure in One Year</b>	208	221	68
<b>Severely Ill Patients Having Procedure in One Year</b>	170	192	n/a
<b>Complication Rate</b>	As Expected	(See Discussion)	As Expected
<b>Post-Operation Infection Rate</b>	As Expected	As Expected (See Discussion)	As Expected

### Hospital Overall Patient Safety Standards

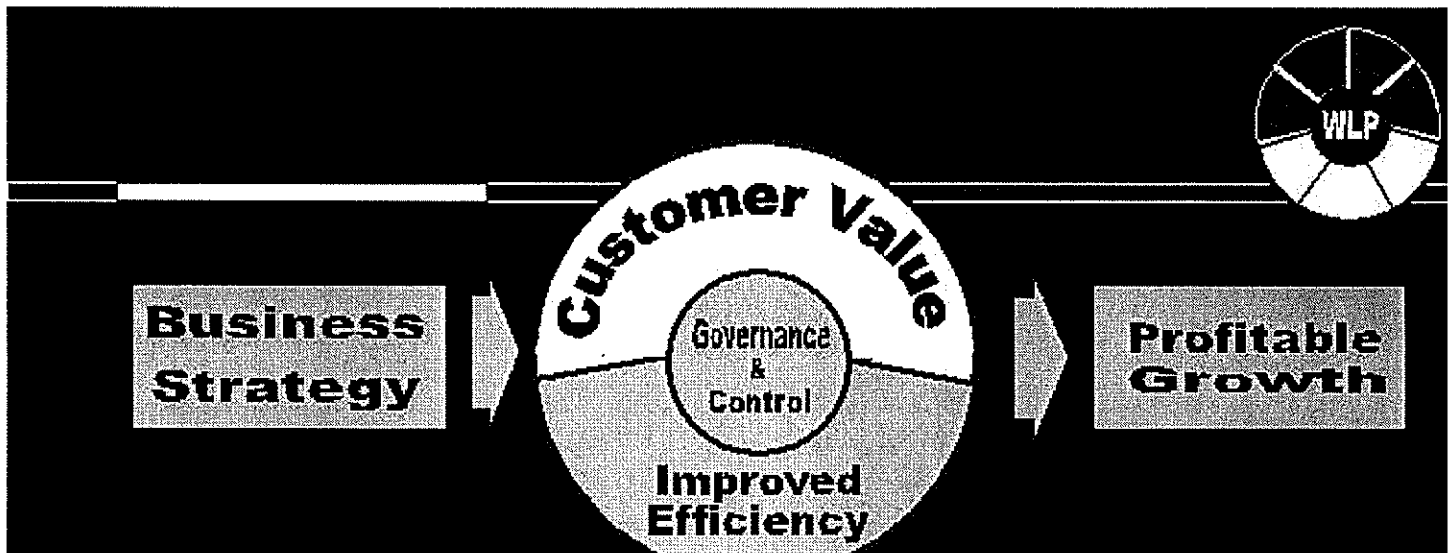
	CEDARS-SINAI MEDICAL CENTER	UCLA MEDICAL CENTER	PROVIDENCE ST. JOSEPH MEDICAL CENTER
<b>Computerized Physician Order Entry</b>	Good Progress Toward Standard	Good Progress Toward Standard	Data Not Available
<b>Intensive Care Unit Physician Staffing</b>	Meets Standard	Meets Standard	Data Not Available

### Hospital Reputation

	CEDARS-SINAI MEDICAL CENTER	UCLA MEDICAL CENTER	PROVIDENCE ST. JOSEPH MEDICAL CENTER
<b>Public Perception for Heart Care</b>	Best in Los Angeles-Long Beach	Good in Los Angeles-Long Beach	Good in Los Angeles-Long Beach
<b>JCAHO Accreditation</b>	Yes	Yes	Yes
<b>Hospital's Comment</b>		Comment	Comment

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# What Employers Want...

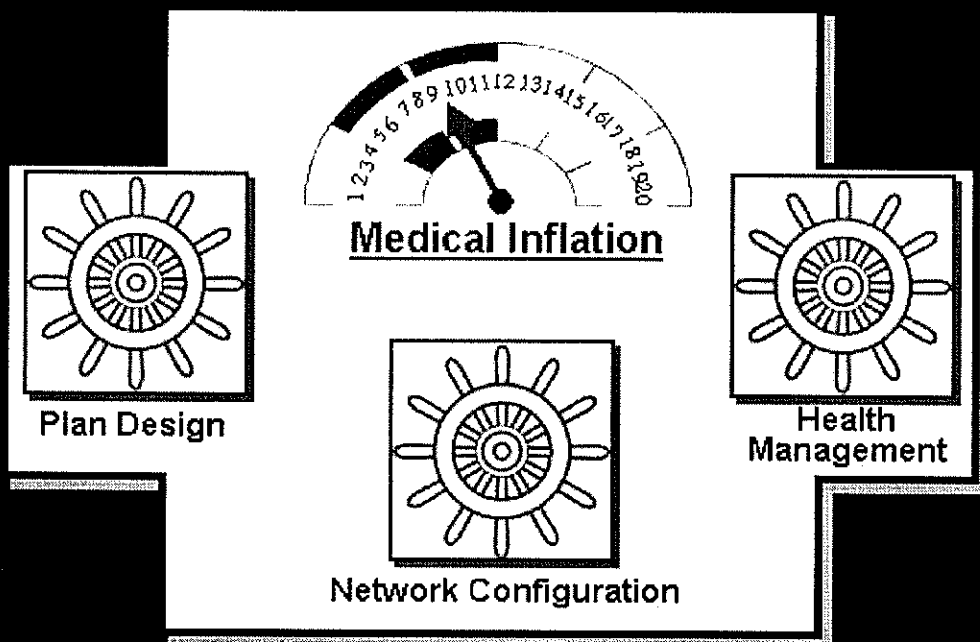
- ✓ Tools to manage medical inflation
- ✓ Service Innovation

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## Tools to Manage Medical Inflation



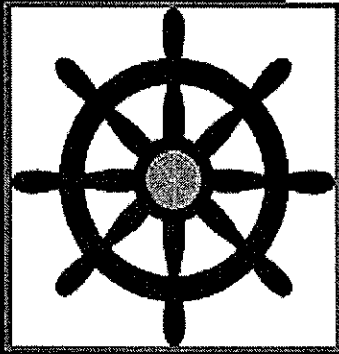
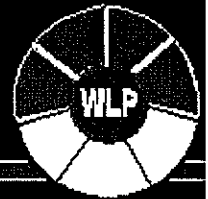
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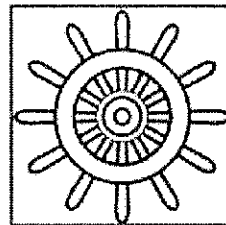
# Plan Design



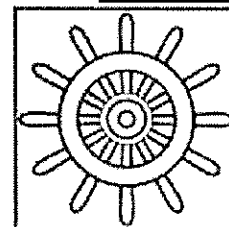
**Plan Design**



**Medical Inflation**



**Network Configuration**



**Health Management**

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# Employer Flexibility



- **Plan designs today are rich**
  - **85% of WLP's CA PPO members have \$250 or less deductible**
  - **65% have an office visit co-pay of \$10 or less**

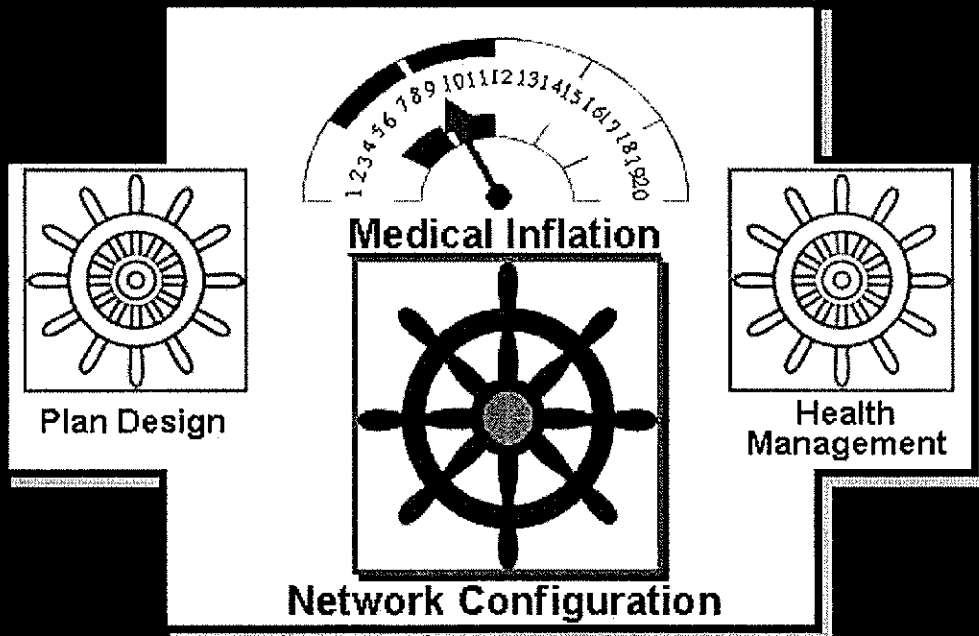
- 89% of WLP's CA HMO members have 100% coinsurance for inpatient care
- Changes can significantly impact trends
  - Branded drug deductible (\$250) reduces pharmacy trend from 17% to negative 12% in PlanScape plans

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# Network Configuration




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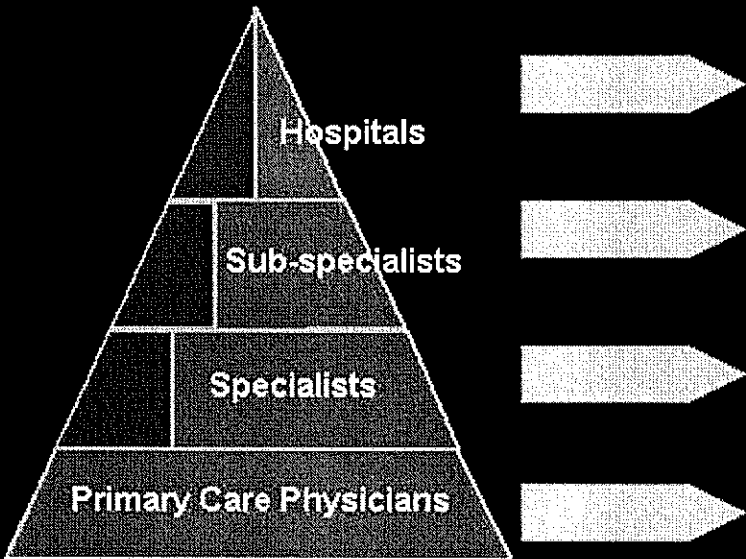
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# Segmented Networks



**Segmented Networks**



**Market Opportunities**


- Centers of Excellence  
Narrow network for high cost procedures  
Millennium
- Members have more knowledge of cost  
Alliance
- Targeted to low income and uninsured  
Direct Contract
- Agreements with failed medical group MDs


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# Cost Variations





September 19, 2000

The operation you get often depends on where you live.

	<u>Total Abdominal Hysterectomy</u>	<u>Cholecystectomy</u>	<u>Total Knee Replacement</u>
 <b>CA Hospital A</b>	<b>\$25,100</b>	<b>\$27,000</b>	<b>\$ 28,700</b>


	<b>CA Hospital B</b>	<b>\$ 2,200</b>	<b>\$ 1,700</b>	<b>\$ 3,000</b>
	<b>GA Hospital A</b>	<b>\$11,400</b>	<b>\$12,500</b>	<b>\$ 21,100</b>
	<b>GA Hospital B</b>	<b>\$ 2,800</b>	<b>\$ 2,800</b>	<b>\$ 8,700</b>
	<b>MO Hospital A</b>	<b>\$26,200</b>	<b>\$18,200</b>	<b>\$119,400</b>
	<b>MO Hospital B</b>	<b>\$ 3,100</b>	<b>\$ 9,600</b>	<b>\$ 24,900</b>
	<b>TX Hospital A</b>	<b>\$37,700</b>	<b>\$18,600</b>	<b>\$ 41,000</b>
	<b>TX Hospital B</b>	<b>\$14,700</b>	<b>\$ 2,100</b>	<b>\$ 24,700</b>

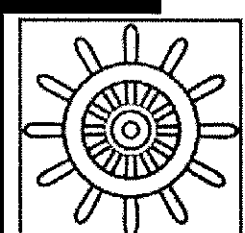
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# Health Management

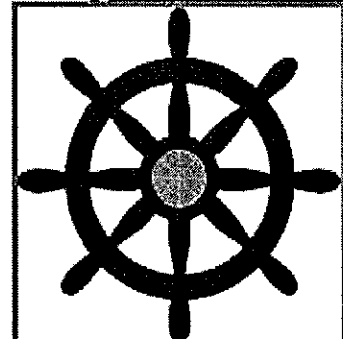




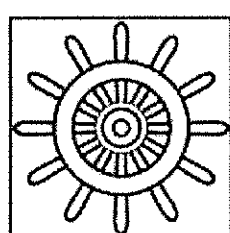
**Plan Design**



**Medical Inflation**



**Health Management**

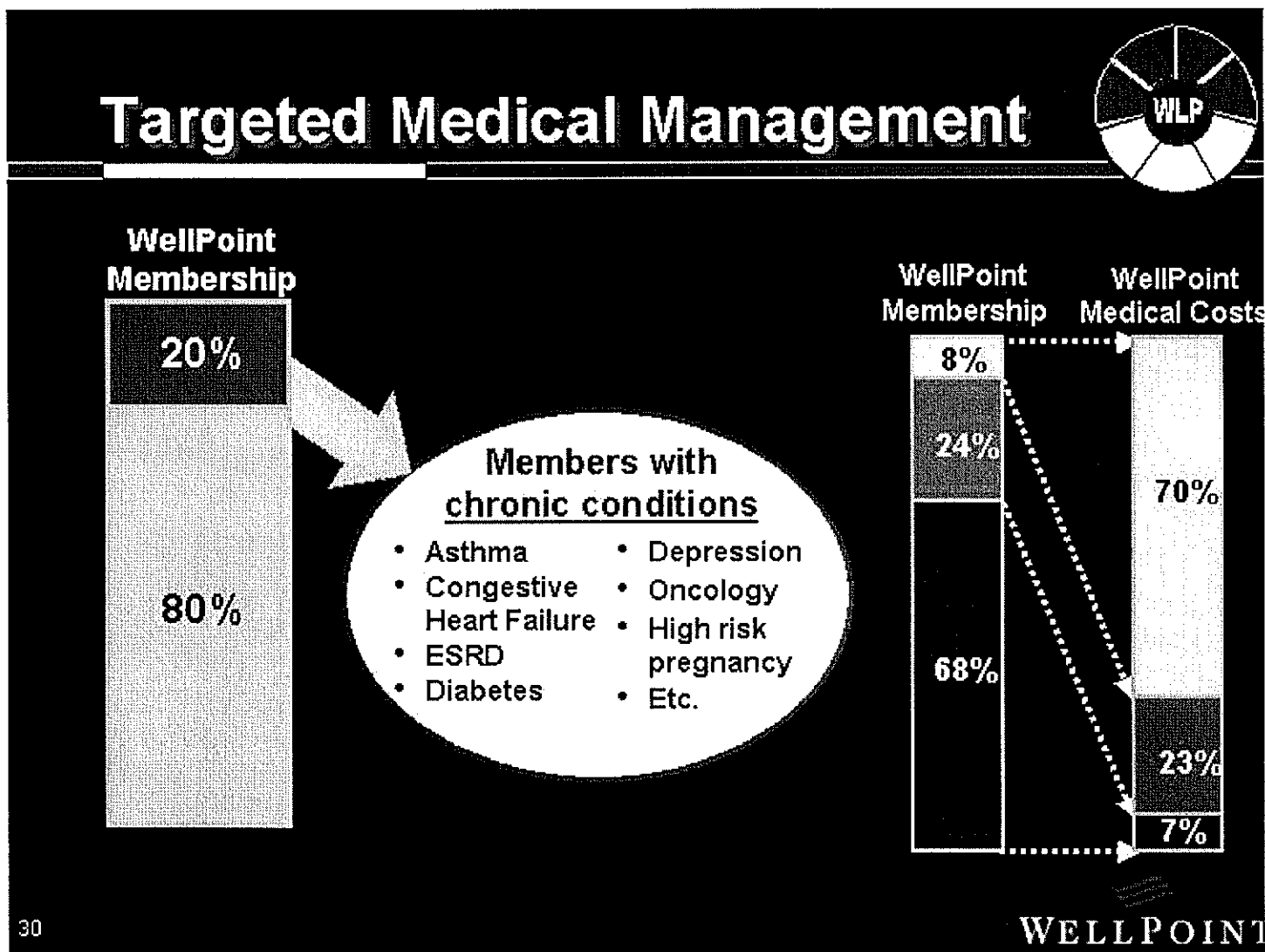


**Network Configuration**

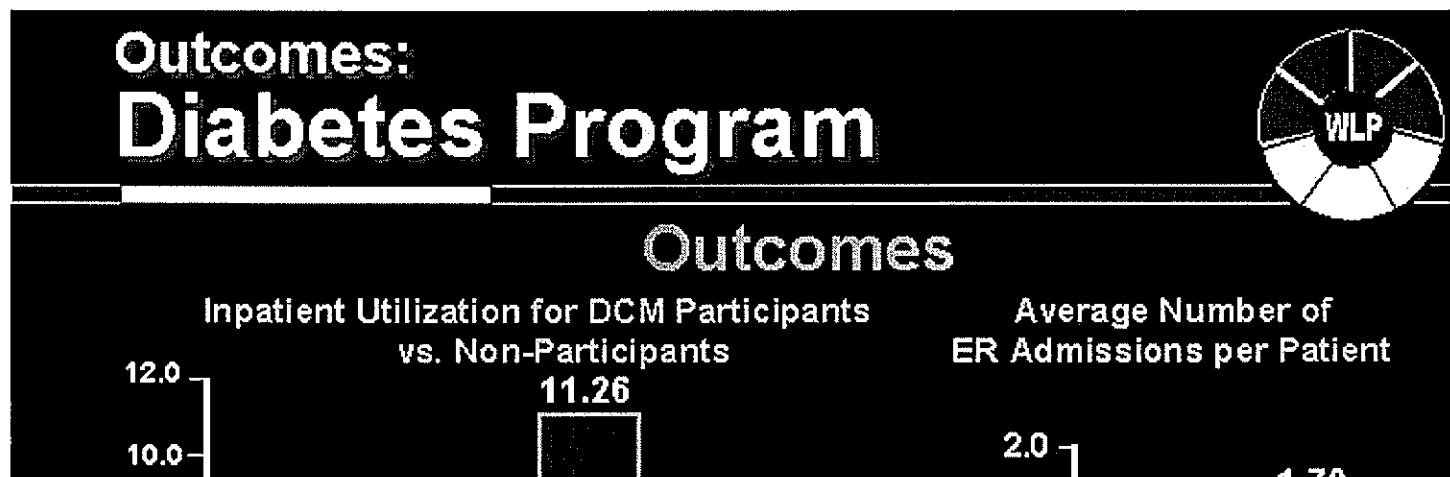
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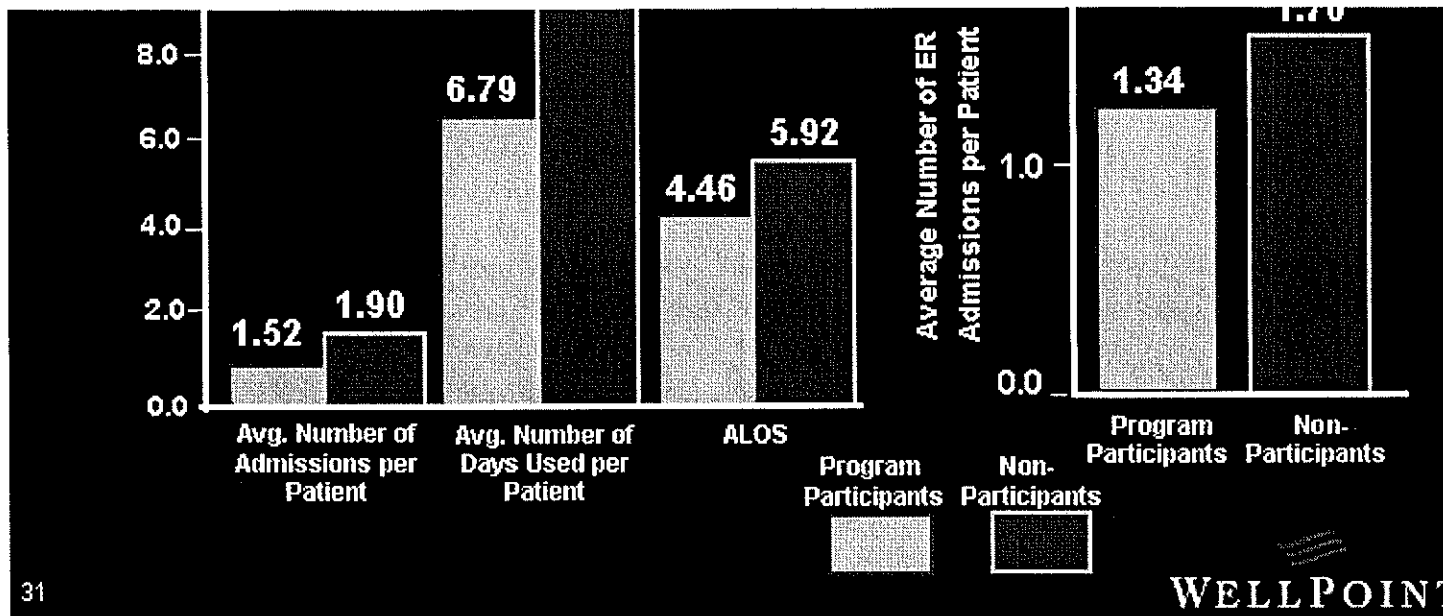
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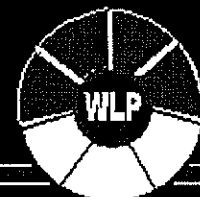
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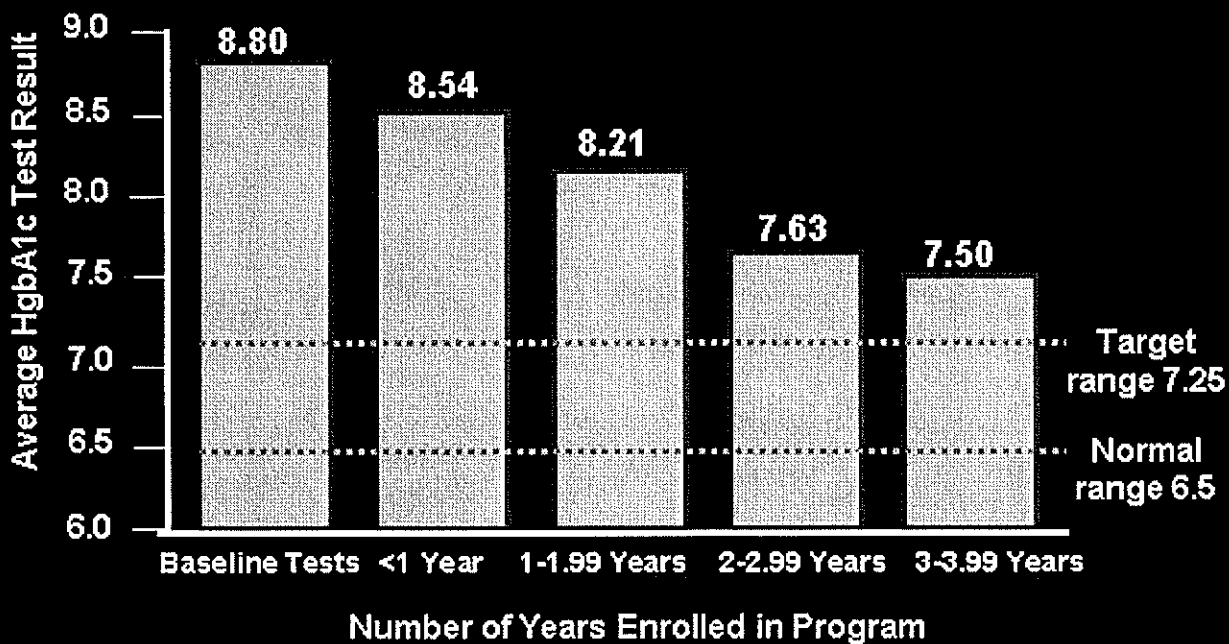


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# Outcomes: Diabetes Program



## Average HgbA1c Test Results by Number of Years Enrolled

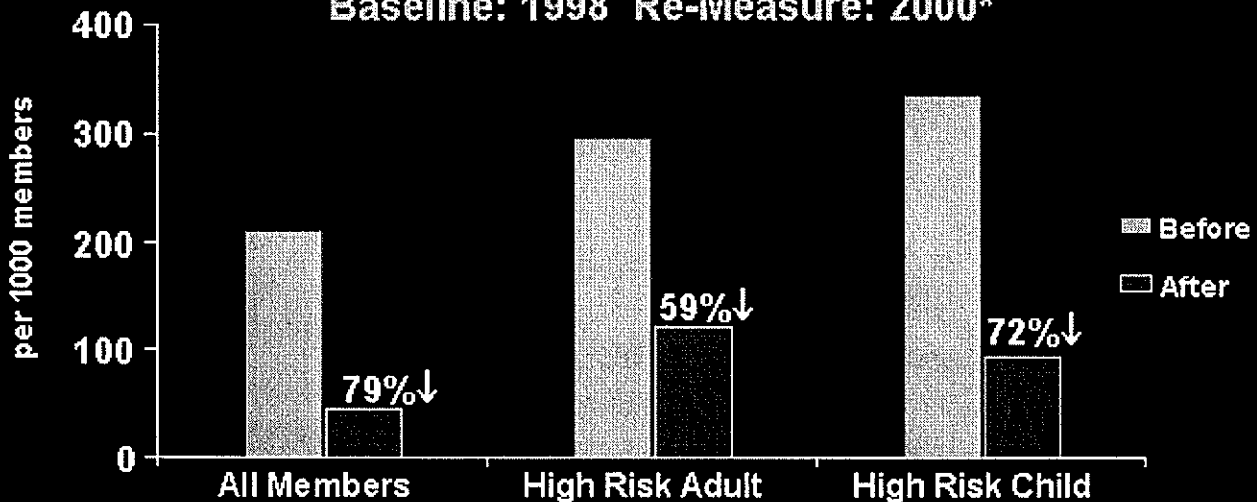


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# Outcomes: Asthma Program



## Asthma Program Decreased Emergency Room Visits Baseline: 1998 Re-Measure: 2000\*



*Results are statistically significant.*

\* Baseline period is 12 months prior to identification and varies by member.  
Re-measurement period is 24 months post baseline.

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# Service Innovations



Sophisticated Research Tools



Meet Customer Needs & Expectations



- **E-Business**
  - Member Self-service
  - Employer Access
  - Provider Access
  - AgentFinder & AgentConnect
- **Virtual call centers**
- **One-call resolution**
- **Enhanced work flow management**
  - Advanced imaging technology
  - Bar coding applications
- **Telemedicine**

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✓ **Claims submission and processing**

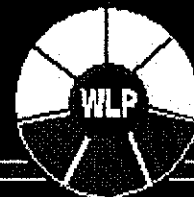
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# Why Pay a Claim Faster?



- Improve doctor and hospital relationships
- More timely data for actuarial analysis
- Lower administrative costs

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# Re-engineer Claims Submission and Processing



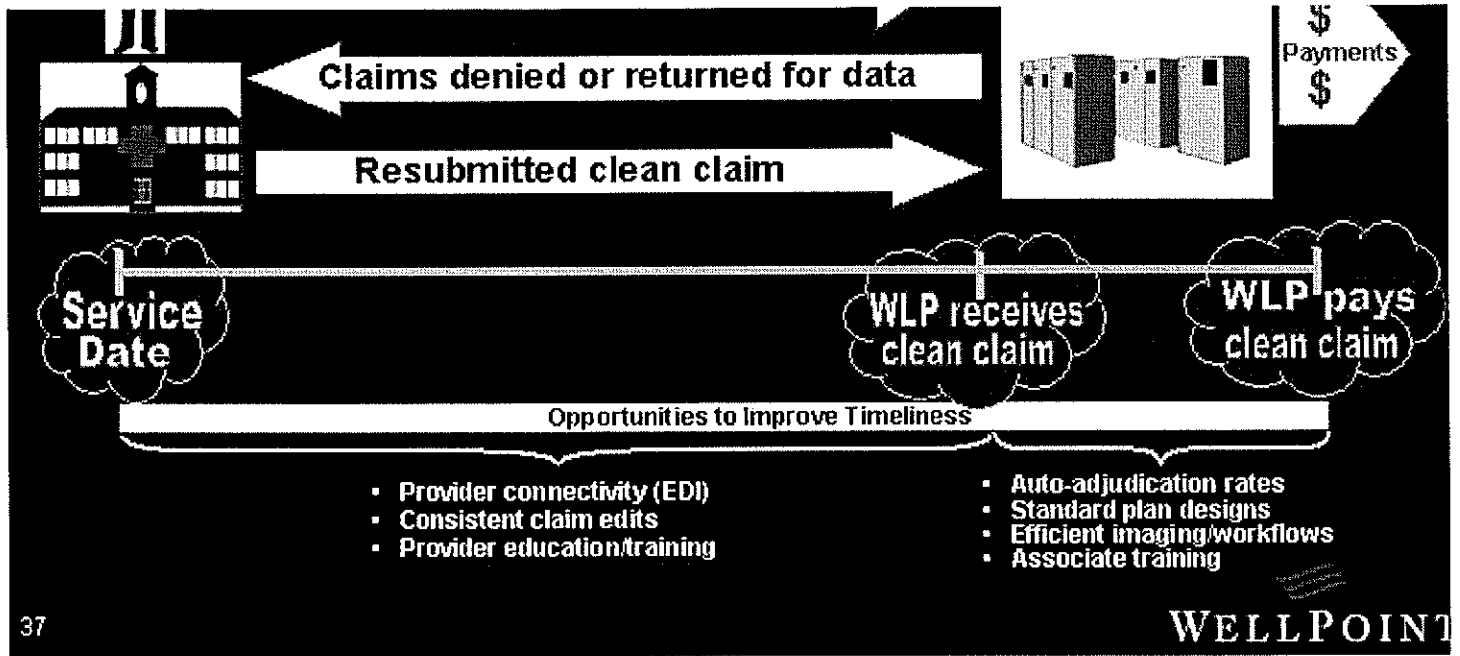
*Total Claims Payable*

Incurred but not reported claims "IBNR"

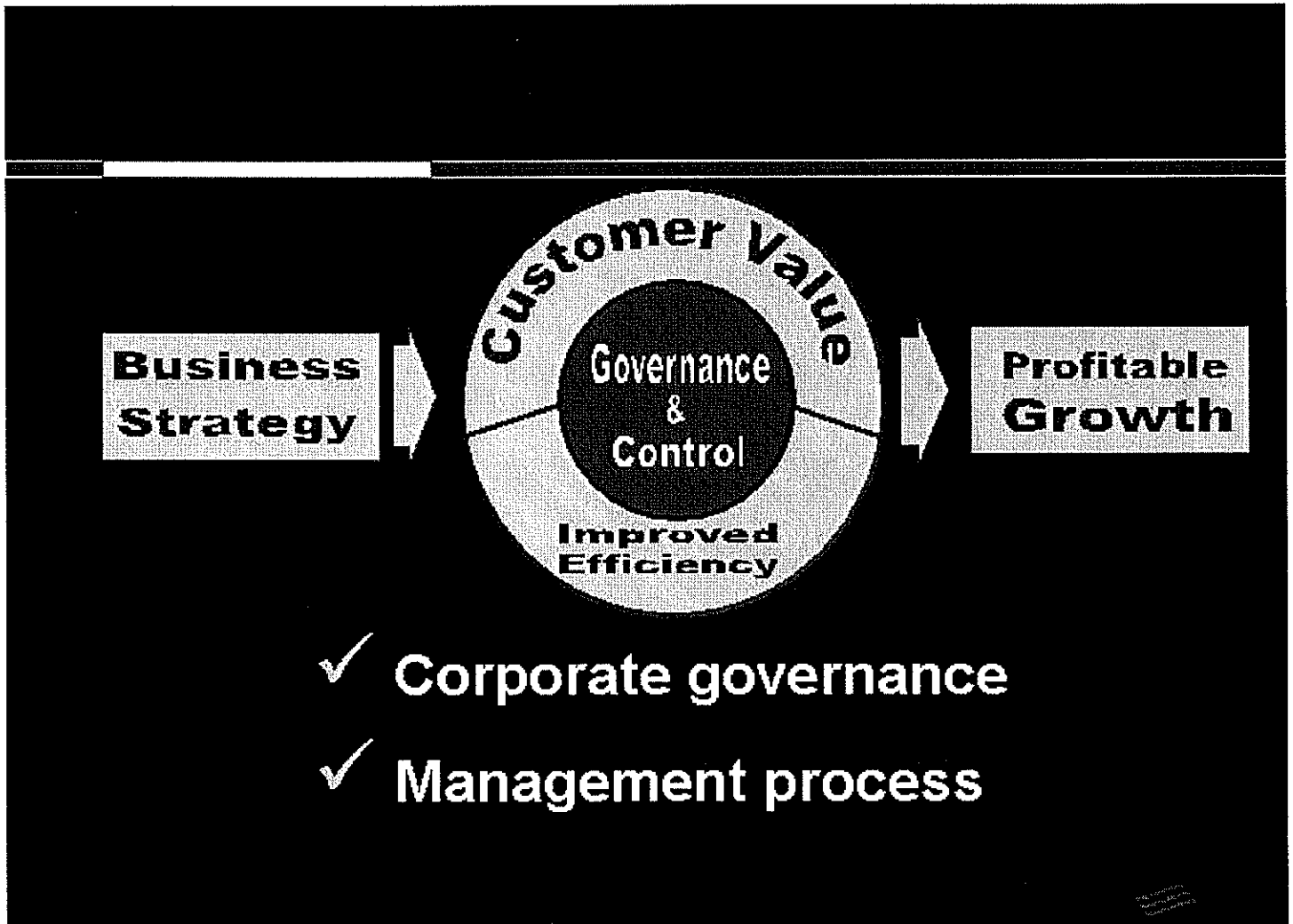
Claims Inventory Adjustments

Bill for services rendered





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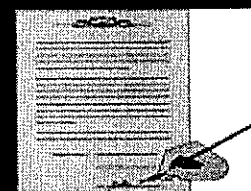


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## Corporate Governance



- **Meet virtually all recommended best practices**
- **Nine-member Board of Directors, eight independent directors**
- **Audit, Compensation, Nominating & Governance committees comprised entirely of independent directors**
  - Each committee has a detailed charter
  - Committees have appropriate skill mix



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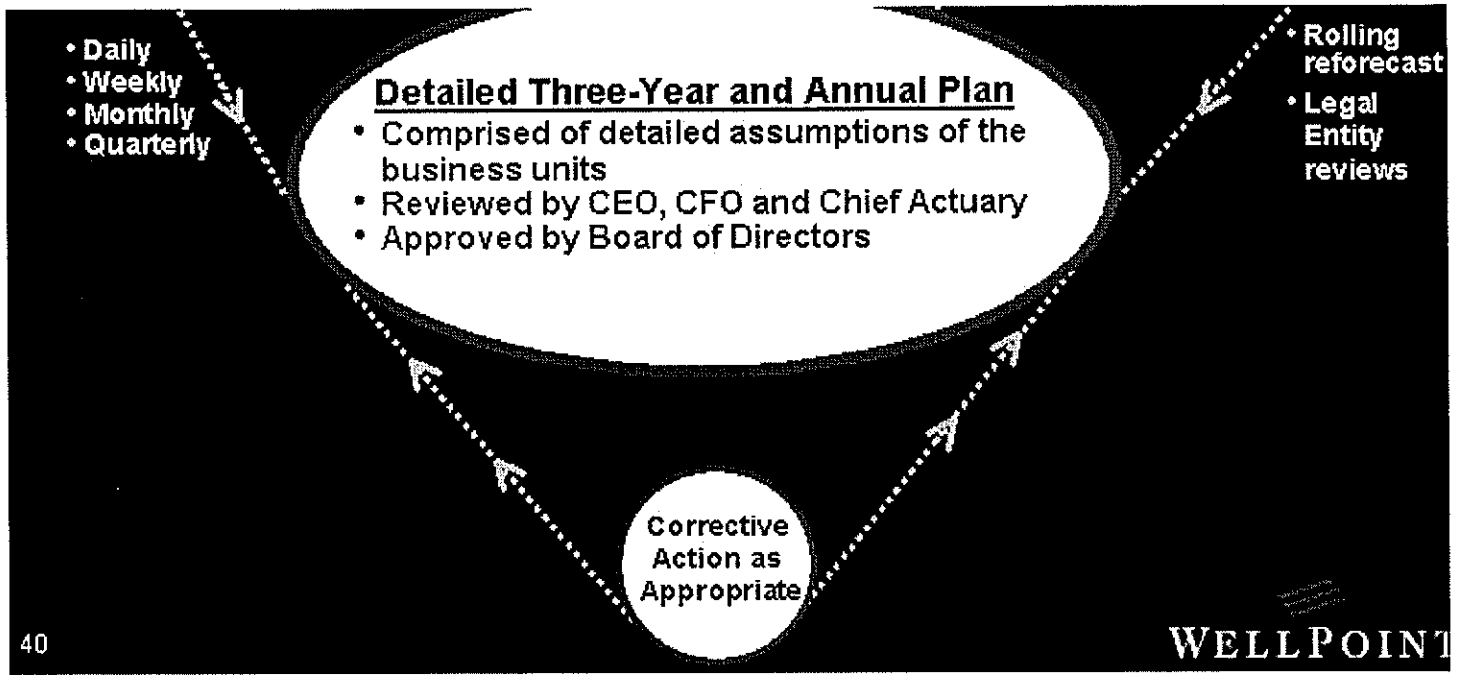
## Comprehensive Management Process



Extensive  
Monitoring

Reasonability  
Checks





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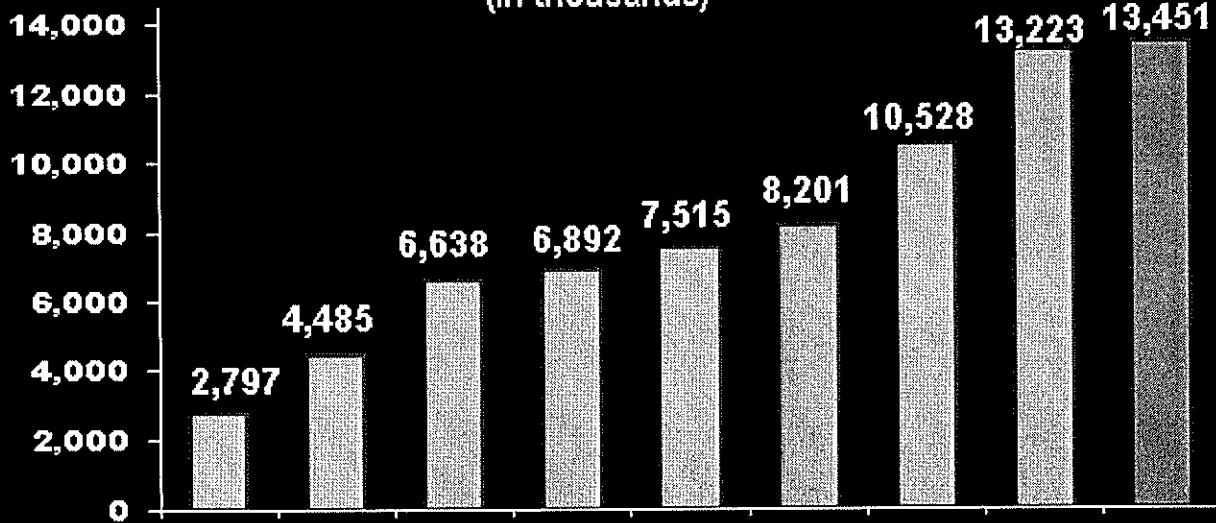


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Profitable Growth

# Member Growth

## Total Medical Membership\* (in thousands)



California Membership Growth:

Year	1995	1996	1997	1998	1999	2000	2001	2002	1Q03
Growth	7%	27%	17%	7%	15%	8%	6%	11%	7%**

\* Readjusted to reflect the inclusion of network access & Puerto Rico joint venture membership  
 \*\* Reflects growth from March 31, 2002

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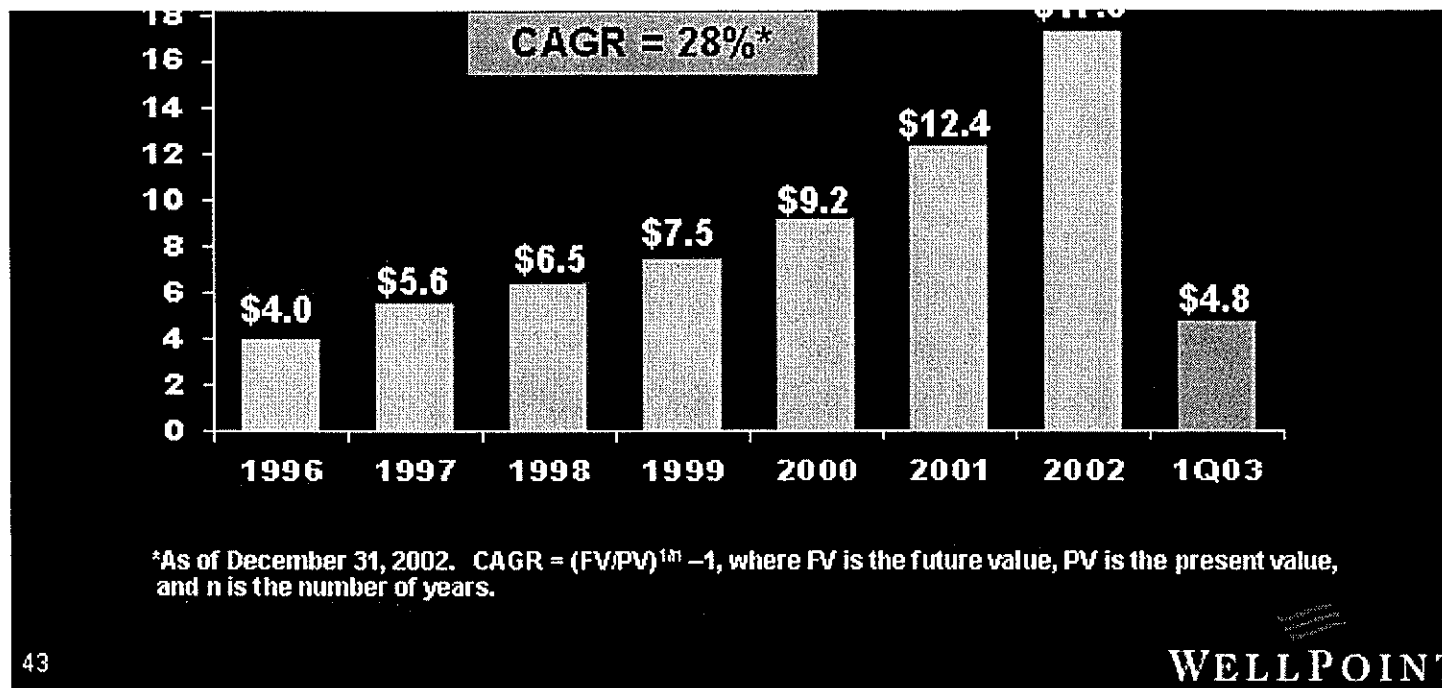
Profitable Growth

# WLP Financial Highlights

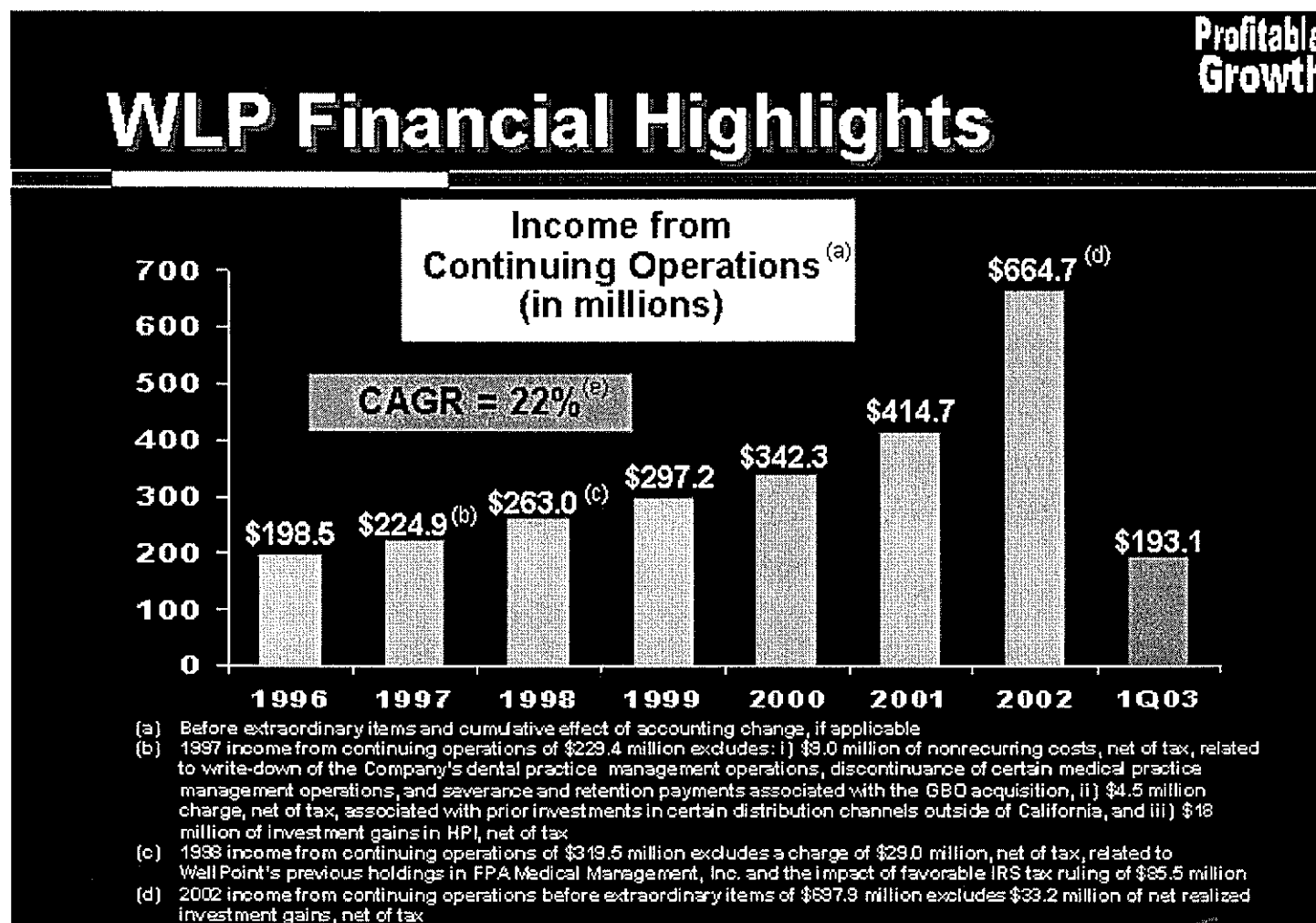
## Total Revenue (in billions)

\$  
20  
10

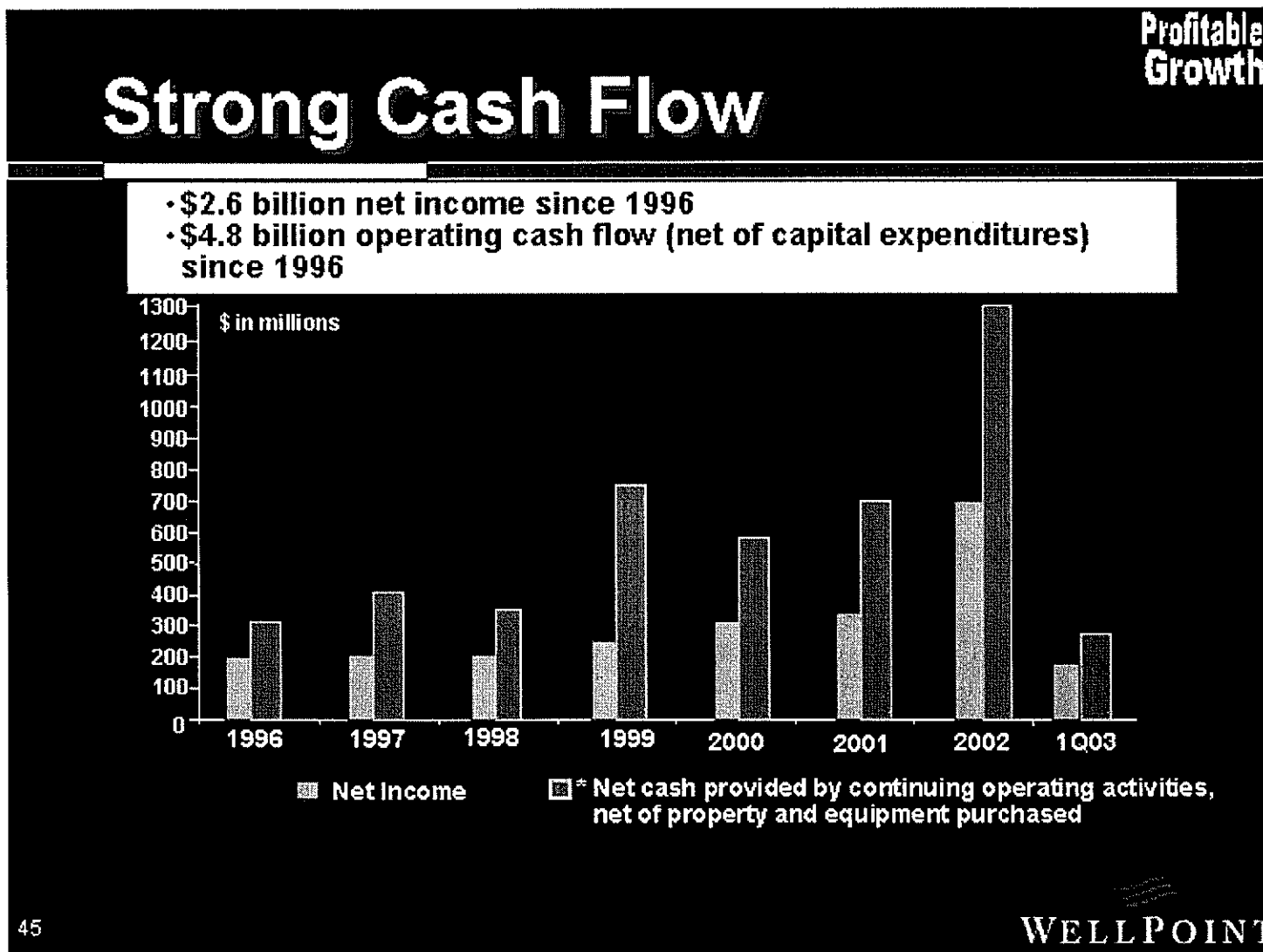
\$17.3



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# Strong Cash Flow

**Profitable Growth**

- Since December 1996 WLP has:
  - Bought back \$1.2 billion of its

**Bought back \$1.2 billion of its  
common stock**

- Completed seven acquisitions for \$1.4 billion**
- Increased cash & investments by \$5.1 billion**
- Reinvested \$440 million in PP&E**

46

WELLPOINT

*[Link to searchable text of slide shown above](#)*

## **WellPoint...A Compelling Investment**

### **Health Care Industry**

- 14% GDP**
- Growth faster than overall economy**
- Demographics make health care more important**
- Consolidating / more rational**
- Opportunities**
  - Uninsured**
  - Health information**
  - Specialty products**



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WELLPOINT

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## WellPoint...A Compelling Investment

### **WLP Performance**

- Member growth
- Diversified product/customers
- Strong market share in targeted geographies
- Successful M&A integrations
- Consistent financial performance
- Actuarial expertise/discipline
- Strong management team

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WELLPOINT

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## WellPoint...A Compelling Investment

### **WLP Valuation**

- Consistent growth in both

**CONSISTENT GROWTH IN BOTH  
REVENUES & EPS**

- Free cash flow > net income
- Strong balance sheet liquidity
  - Over \$7 billion in cash/investments
- P/E multiple below S&P 500 average

49



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## WellPoint...A Compelling Investment

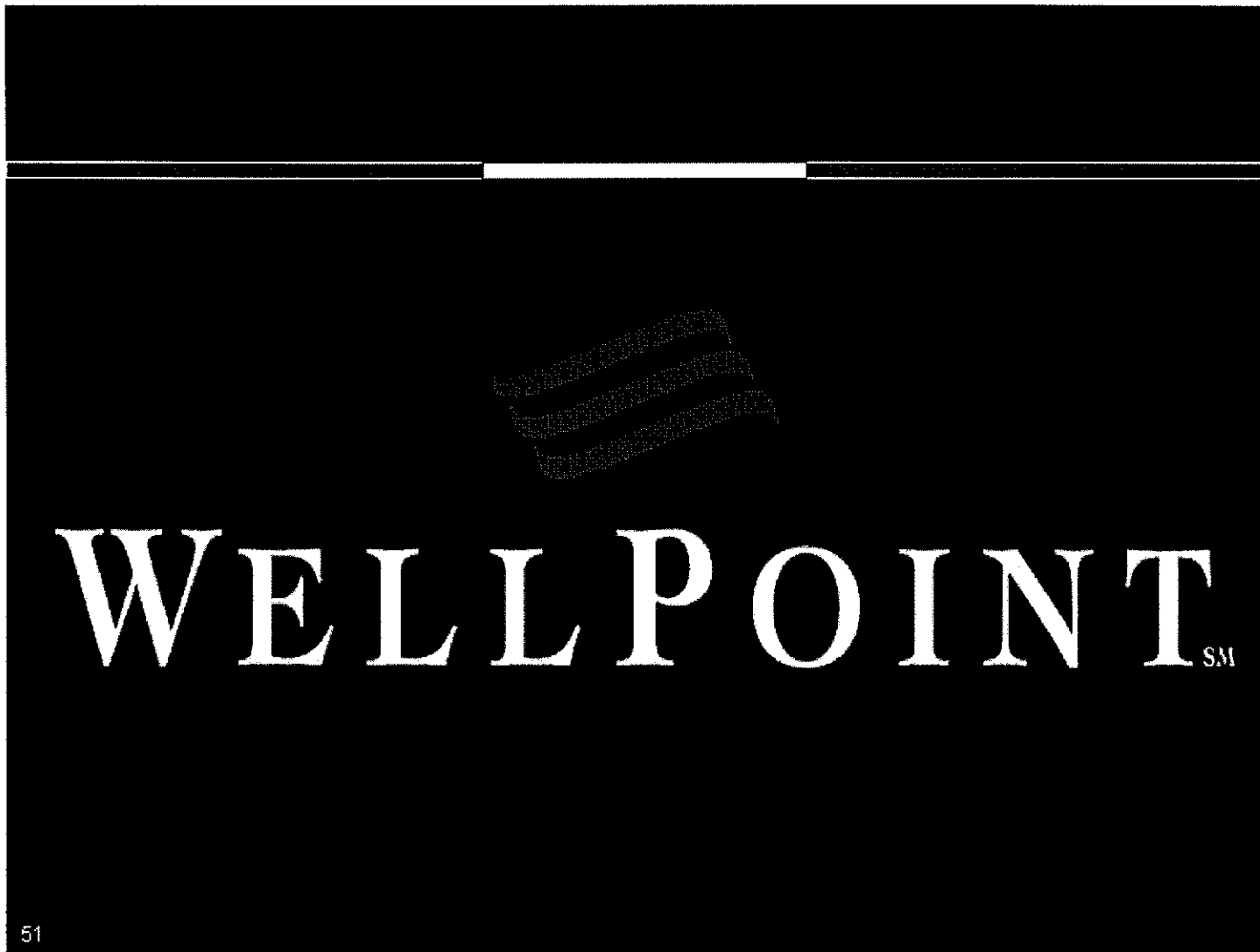
<b>Industry</b>	<b>Performance</b>	<b>Valuation</b>
<ul style="list-style-type: none"> <li>• 14% GDP</li> <li>• Growth faster than overall economy</li> <li>• Demographics make health care more important</li> <li>• Consolidating/more rational</li> <li>• Opportunities                             <ul style="list-style-type: none"> <li>– Uninsured</li> <li>– Health information</li> <li>– Specialty products</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Member growth</li> <li>• Diversified product/customers</li> <li>• Strong market share in targeted geographies</li> <li>• Successful M&amp;A integrations</li> <li>• Consistent financial performance</li> <li>• Actuarial expertise/discipline</li> <li>• Strong management team</li> </ul>	<ul style="list-style-type: none"> <li>• Consistent growth in both revenues &amp; EPS</li> <li>• Free cash flow &gt; net income</li> <li>• Strong balance sheet liquidity                             <ul style="list-style-type: none"> <li>– Over \$7 billion cash/investments</li> </ul> </li> <li>• P/E multiple below S&amp;P 500 average</li> </ul>

products

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WELLPOINT

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Sanford C. Bernstein  
19<sup>th</sup> Annual  
Strategic Decisions Conference

David C. Colby  
Executive Vice President &  
Chief Financial Officer

**WellPoint Health Networks Inc.****June 4, 2003**

This presentation contains non-GAAP financial measures as defined in the rules of the Securities and Exchange Commission. As required by the rules, a reconciliation of those measures to the most directly comparable GAAP measures is available at our website, which can be found at [www.wellpoint.com](http://www.wellpoint.com).

6/3/2003 7:54:13 PM

[LOGO]

1

The following presentation may be deemed to be solicitation material in respect of the proposed merger of Cobalt Corporation by WellPoint. In connection with the proposed transaction, a registration statement on Form S-4 will be filed with the SEC. Stockholders of Cobalt Corporation are encouraged to read the registration statement, including the final proxy statement-prospectus that will be part of the registration statement, because it will contain important information about the proposed merger. After the registration statement is filed with the SEC, it and any amendments thereto will be available for free both on the SEC's website ([www.sec.gov](http://www.sec.gov)) and from Cobalt Corporation's and WellPoint's respective corporate secretaries. Cobalt Corporation and its directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding the interests of Cobalt's directors and executive officers will be included in the final proxy statement-prospectus.

2

Business Strategy

**Business Process**

[CHART]

**Common Technology Infrastructure**

3

**Business Process Components**

[CHART]

4

[CHART]

- Broad product offerings
- Diverse customer base
- Pricing flexibility
- Regional geographic focus

5

**Product Choice**

[CHART]

**CHOICE = VALUE**

6

**Diversity of Customer Base**

**March 31, 2003 Enrollment**

[CHART]

**\* Includes 1.3 million network access members**

7

**Pricing Flexibility Throughout the Year****(As of March 31, 2003)**

[CHART]

**Note: Excludes state sponsored programs**

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**Regional Concentration**

- **Health care is locally delivered and locally consumed**
- **Better network leverage**
- **Greater actuarial precision**
- **More efficient marketing/operations**

[GRAPHIC]

9

**Internal Growth Strategy**

[CHART]

10

**Opportunistic Acquisitions**

[CHART]

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**The Cobalt Merger****A Very Compelling Transaction...**

- **Offers customers a broad product portfolio with geographic concentration**
- **Supports WLP's growth strategy in the Midwest and diversifies geographic profile**
- **Realize significant growth potential**
  - **Achieve market share gains in Wisconsin**
  - **Leverage distribution channels to grow ISG business**
  - **Offer additional specialty products**
- **Continued earnings growth opportunities as the operational turnaround continues**
- **New management team with a successful track record**

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**Transaction Summary**

- Transaction valued at approximately \$906 million on a fully diluted basis or \$20.50 per CBZ share
  - 50% of consideration in cash (taxable)
  - 50% of consideration in WLP stock (tax-free) at a fixed exchange ratio (\$19.00 floor)
- Merger expected to yield returns in excess of WLP's cost of capital
  - Similar product portfolio and culture minimizes integration risk
  - Achievable revenue and cost synergies
- Merger expected to close by year end 2003

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**Diversifies WLP Geographic Profile**

- Medical membership by geography

1996

[CHART]

1Q03

[CHART]

Post Merger\*\*

[CHART]

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\*As of 3/31/03

\*\*WLP & CBZ combined as of 3/31/03

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**WellPoint Earnings Growth 1996 - 2002**

**Primarily internal growth  
augmented by acquisitions**

[CHART]

- 
- (a) Income from continuing operations
  - (b) Income before extraordinary items

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[LOGO]

[CHART]

**What *Members* Want...**

- Choice
- Access
- Information

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**Open Access Products**

As of March 31, 2003

[CHART]

Note: HMO membership includes 1,361,000 State Sponsored Programs members

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**Products That Meet Customer Needs**

PlanScope	Low price point products for individuals
FlexScope	Defined contribution plan for small employers
Power CareAdvocate	Health improvement program for large group members
Power HealthFund	Provides resources that assist members with health care decisions
Ethnic Marketing	Outreach to Hispanic, Asian & African American communities

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**Current CA Networks**

[CHART]

Key: Professional Network, Institutional Network, Specialty Product Network

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**Cost Indicators**

[GRAPHIC]

Each hospital is placed into one of four cost categories

- In general, least expensive
- In general, less expensive
- In general, more expensive
- In general, most expensive

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**Quality Indicators**

[GRAPHIC]

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[CHART]

**What Employers Want...**

- Tools to manage medical inflation

- **Service Innovation**

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**Tools to Manage Medical Inflation**

[GRAPHIC]

23

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**Plan Design**

[GRAPHIC]

24

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**Employer Flexibility**

- **Plan designs today are rich**
  - 85% of WLP's CA PPO members have \$250 or less deductible
  - 65% have an office visit co-pay of \$10 or less
  - 89% of WLP's CA HMO members have 100% coinsurance for inpatient care
- **Changes can significantly impact trends**
  - **Branded drug deductible (\$250) reduces pharmacy trend from 17% to negative 12% in PlanScape plans**

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**Network Configuration**

[GRAPHIC]

26

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**Segmented Networks**

Segmented Networks	Market Opportunities
<b>Hospitals</b>	<b>Centers of Excellence</b> Narrow network for high cost procedures
<b>Sub-specialists</b>	<b>Millennium</b> Members have more knowledge of cost
<b>Specialists</b>	<b>Alliance</b> Targeted to low income and uninsured
<b>Primary Care Physicians</b>	<b>Direct Contract</b> Agreements with failed medical group MDs

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**Cost Variations**

[LOGO]



September 19, 2000

The operation you get often depends on where you live.

	Total Abdominal Hysterectomy	Cholecystectomy	Total Knee Replacement
CA Hospital A	\$ 25,100	\$ 27,000	\$ 28,700
CA Hospital B	\$ 2,200	\$ 1,700	\$ 3,000
GA Hospital A	\$ 11,400	\$ 12,500	\$ 21,100
GA Hospital B	\$ 2,800	\$ 2,800	\$ 8,700
MO Hospital A	\$ 26,200	\$ 18,200	\$ 119,400
MO Hospital B	\$ 3,100	\$ 9,600	\$ 24,900
TX Hospital A	\$ 37,700	\$ 18,600	\$ 41,000
TX Hospital B	\$ 14,700	\$ 2,100	\$ 24,700

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**Health Management**

[GRAPHIC]

29

**Targeted Medical Management**

**WellPoint Membership**

[CHART]

**Members with chronic conditions**

- Asthma
- Congestive Heart Failure
- ESRD
- Diabetes
- Depression
- Oncology
- High risk pregnancy
- Etc.

**WellPoint Membership**

[CHART]

**WellPoint Medical Costs**

[CHART]

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**Outcomes:  
Diabetes Program**

**Outcomes**

**Inpatient Utilization for DCM Participants vs. Non-Participants**

[CHART]

**Average Number of ER Admissions per Patient**

[CHART]

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**Average HgbA1c Test Results by Number of Years Enrolled**

[CHART]

32

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**Outcomes:  
Asthma Program**

**Asthma Program Decreased  
Emergency Room Visits  
Baseline: 1998 Re-Measure: 2000\***

[CHART]

\* Baseline period is 12 months prior to identification and varies by member.  
Re-measurement period is 24 months post baseline.

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**Service Innovations**

[CHART]

- **E-Business**
  - **Member Self-service**
  - **Employer Access**
  - **Provider Access**
  - **AgentFinder & AgentConnect**
- **Virtual call centers**
- **One-call resolution**
- **Enhanced work flow management**
  - **Advanced imaging technology**
  - **Bar coding applications**
- **Telemedicine**

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[CHART]

- **Claims submission and processing**

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**Why Pay a Claim Faster?**

[LOGO]

- **Improve doctor and hospital relationships**
- **More timely data for actuarial analysis**
- **Lower administrative costs**

36

**Re-engineer Claims Submission and Processing**

[CHART]

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[CHART]

- **Corporate governance**
- **Management process**

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**Corporate Governance**

[LOGO]

- **Meet virtually all recommended best practices**

[GRAPHIC]

- **Nine-member Board of Directors, eight independent directors**

[GRAPHIC]

- **Audit, Compensation, Nominating & Governance committees comprised entirely of independent directors**
  - **Each committee has a detailed charter**
  - **Committees have appropriate skill mix**

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**Comprehensive Management Process**

[CHART]

40

[CHART]

- **Increased membership**
- **Earnings growth**
- **Excellent cash flow**
- **Enhanced shareholder value**

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Profitable Growth

**Member Growth**

**Total Medical Membership\***  
**(in thousands)**

[CHART]

\* **Readjusted to reflect the inclusion of network access & Puerto Rico joint venture membership**

\*\* **Reflects growth from March 31, 2002**

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**WLP Financial Highlights****Total Revenue  
(in billions)**

[CHART]

\* As of December 31, 2002.  $CAGR = (FV/PV)^{1/n} - 1$ , where FV is the future value, PV is the present value, and n is the number of years.

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**Income from Continuing Operations (a)  
(in millions)**

[CHART]

- (a) Before extraordinary items and cumulative effect of accounting change, if applicable
- (b) 1997 income from continuing operations of \$229.4 million excludes: i) \$9.0 million of nonrecurring costs, net of tax, related to write-down of the Company's dental practice management operations, discontinuance of certain medical practice management operations, and severance and retention payments associated with the GBO acquisition, ii) \$4.5 million charge, net of tax, associated with prior investments in certain distribution channels outside of California, and iii) \$18 million of investment gains in HPI, net of tax
- (c) 1998 income from continuing operations of \$319.5 million excludes a charge of \$29.0 million, net of tax, related to WellPoint's previous holdings in FPA Medical Management, Inc. and the impact of favorable IRS tax ruling of \$85.5 million
- (d) 2002 income from continuing operations before extraordinary items of \$697.9 million excludes \$33.2 million of net realized investment gains, net of tax
- (e) As of December 31, 2002.  $CAGR = (FV/PV)^{1/n} - 1$ , where FV is the future value, PV is the present value, and n is the number of years.

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**Strong Cash Flow**

- \$2.6 billion net income since 1996
- \$4.8 billion operating cash flow (net of capital expenditures) since 1996

[CHART]

45

- Since December 1996 WLP has :
  - Bought back \$1.2 billion of its common stock
  - Completed seven acquisitions for \$1.4 billion
  - Increased cash & investments by \$5.1 billion
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**WellPoint...A Compelling Investment***Health Care Industry*

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- Demographics make health care more important
- Consolidating / more rational
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  - Uninsured
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*WLP Performance*

- Member growth
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- Strong management team

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*WLP Valuation*

- Consistent growth in both revenues & EPS
- Free cash flow > net income
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*Industry*

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*Performance*

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*Valuation*

- Consistent growth in both revenues & EPS
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[LOGO]

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