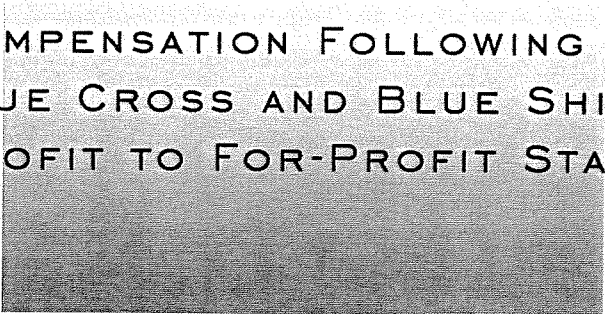
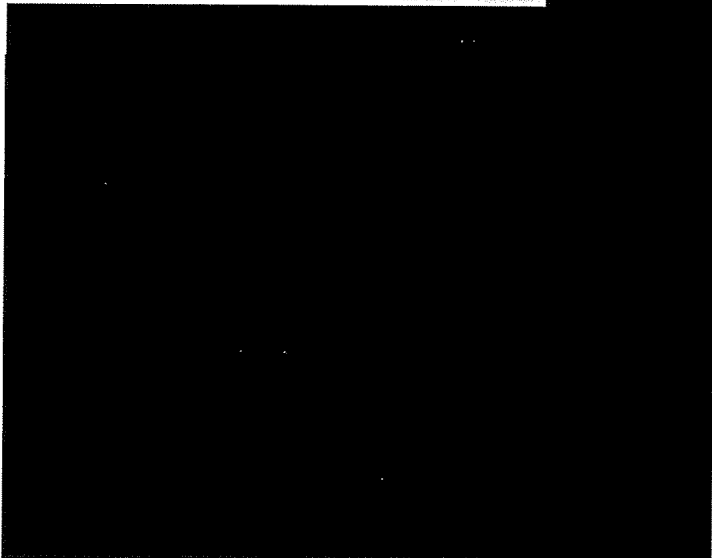


HOW MUCH IS TOO MUCH?

EXECUTIVE COMPENSATION FOLLOWING THE
CONVERSION OF BLUE CROSS AND BLUE SHIELD
PLANS FROM NONPROFIT TO FOR-PROFIT STATUS



CHARLES BELL
CONSUMERS UNION OF U.S.,
INC.



This publication was prepared by the West Coast Regional Office of Consumers Union of U.S., Inc. It was made possible by the efforts of advocates in communities across the country. Much of the research and content was conducted and produced by Charles Bell. In addition, Evaluz Barrameda, Carol Rivas Pollard, Minerva Novoa, Josephine De los Reyes, Annamarie Simmons, Jenny Lovrin and William Oman provided production assistance.

Consumers Union is a nonprofit membership organization chartered in 1936 under the laws of the State of New York to provide consumers with information, education, and counsel about goods, services, health and personal finance; and to initiate and cooperate with individual and group efforts to maintain and enhance the quality of life for consumers. Consumers Union's income is solely derived from the sale of *Consumer Reports*, its other publications and services, and from noncommercial contributions, grants, and fees. In addition to reports on Consumers Union's own product testing, *Consumer Reports*, *ConsumerReports.org* and *Consumer Reports on Health*, with a combined paid circulation of approximately 5.5 million, regularly carry articles on health, product safety, marketplace economics, and legislative, judicial, and regulatory actions which affect consumer welfare. Consumers Union's publications and services carry no outside advertising and receive no commercial support.

This publication was underwritten by grants from the W.K. Kellogg Foundation and Ford Foundation which have supported Consumers Union and Community Catalyst in their efforts to preserve charitable assets. Together the two organizations compose the Community Health Assets Project, a national effort that seeks to ensure that community health needs are addressed in the conversion of nonprofit health care institutions to for-profit status. It is staffed by a team of attorneys, health policy analysts and community organizers with extensive experience in the full range of substantive issues presented by the nonprofit conversion process.

As of March 2003, more than 165 conversion foundations with assets of over \$16 billion have been created as a result of conversions of nonprofit hospitals and health insurers across the country.

How Much Is Too Much?

Executive Compensation Following the Conversion of Blue Cross and Blue Shield Plans from Nonprofit to For-Profit Status

As Blue Cross and Blue Shield plans have shed their nonprofit status, many executives have profited mightily. Nonprofit executives are prohibited by law from engaging in "private inurement" – the receipt of financial benefits that are above and beyond "reasonable compensation." But when a Blues plan becomes for-profit, this law no longer applies. This study examines the salary packages of Blue Cross and Blue Shield plans both before and after their "conversion" from nonprofit to for-profit status. Typically, after six months or a year following a conversion, the new for-profit is permitted by regulators to increase executive pay to higher levels and grant stock options to managers and employees.

Given the potential for exorbitant private financial gain by executives, we call upon communities and regulators to ensure that the conversion is truly in the public interest before allowing it to go forward.

Excessive Executive Compensation – Three Case Studies

■ Wellpoint Health Networks

When Blue Cross of California spun most of its business into the for-profit Wellpoint HMO in 1993, CEO Leonard Schaeffer's salary soared from \$922,000 to \$1,383,000. Since then, Wellpoint has acquired Blues plans in Missouri and Georgia.¹ As of May 2003 Schaeffer was making \$19.26 million in salary, bonuses and option grants, representing a 1,505% increase in compensation for Schaeffer since 1994.

■ Trigon Healthcare, Inc.

Trigon was created after the conversion of the Virginia Blues plan. Prior to the conversion, CEO Norwood Davis received \$895,000 in compensation.² By 2002, the new CEO Thomas Snead was paid \$1,540,000 in direct compensation, plus stock options valued at \$1,173,282, for a total of \$2,713,282. This represents an increase of 203% over the pre-conversion CEO's compensation package.

■ Case Study #3. Anthem, Inc.

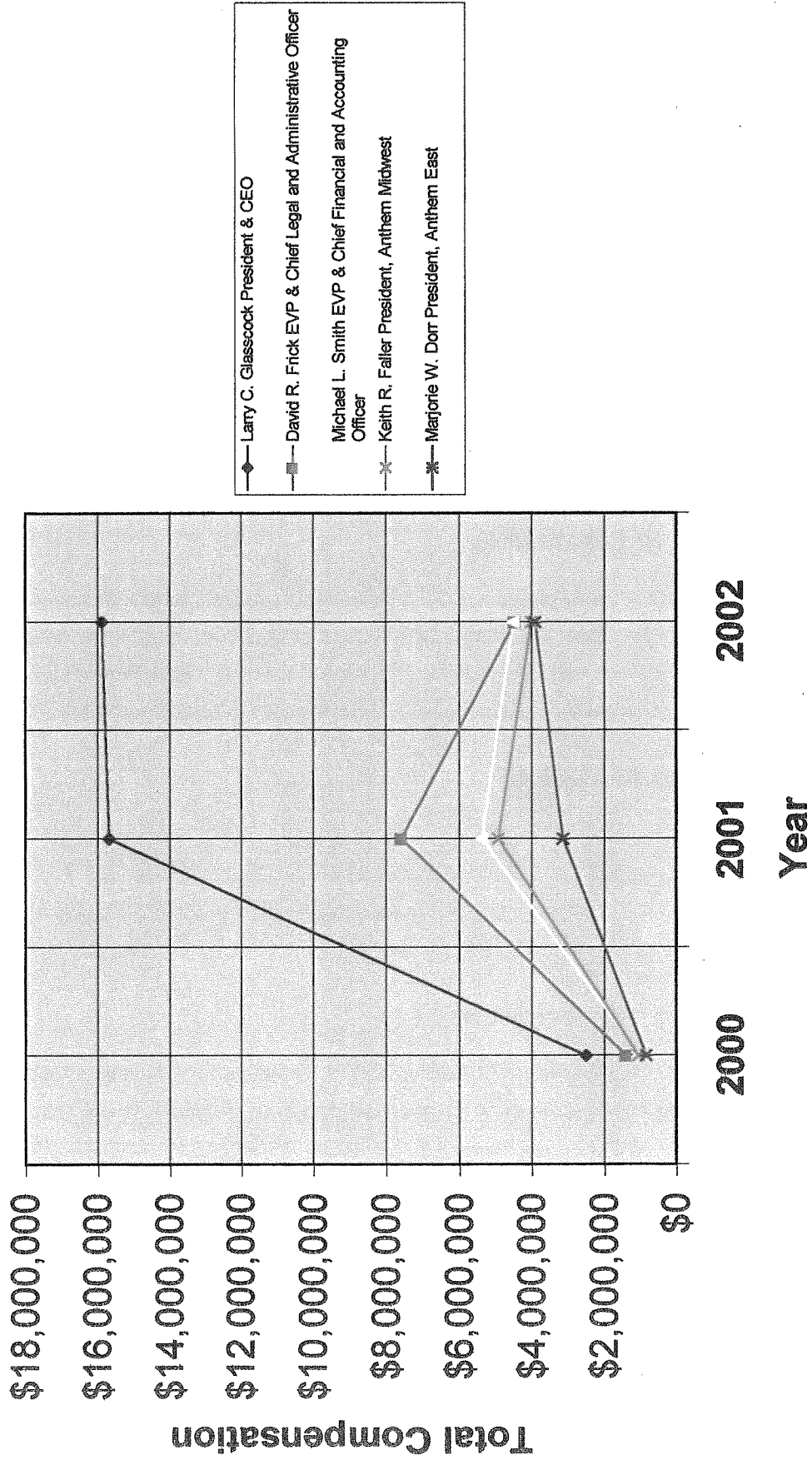
Anthem, which owns Blues plans in Indiana, Nevada, Colorado, Ohio, Kentucky, Connecticut, New Hampshire, and Maine, converted to for-profit status in 2001. According to SEC Filings, Anthem CEO/President Larry Glasscock received \$15.9 million in total compensation for 2002. In 1998, Glasscock received a severance package after leaving the nonprofit D.C. Blues plan of \$2.8 million, representing two years of salary and bonuses he would have received as a nonprofit CEO. Based on these figures, Glasscock's compensation at the for-profit Anthem in 2002 was 1035% higher than his compensation as the CEO of a nonprofit.

¹ Loomis, Carol J. "The Real Action in Health Care," Fortune Magazine, 7/1/94, p. 149. See also Crabtree, Penni. "State Study Hits Waste by HMOs," San Diego Business Journal, 4/18/94, p.1.

² Richmond Times Dispatch, June 8, 1995, p. B6.

Anthem Compensation: 2000-2002

(based in Indiana)

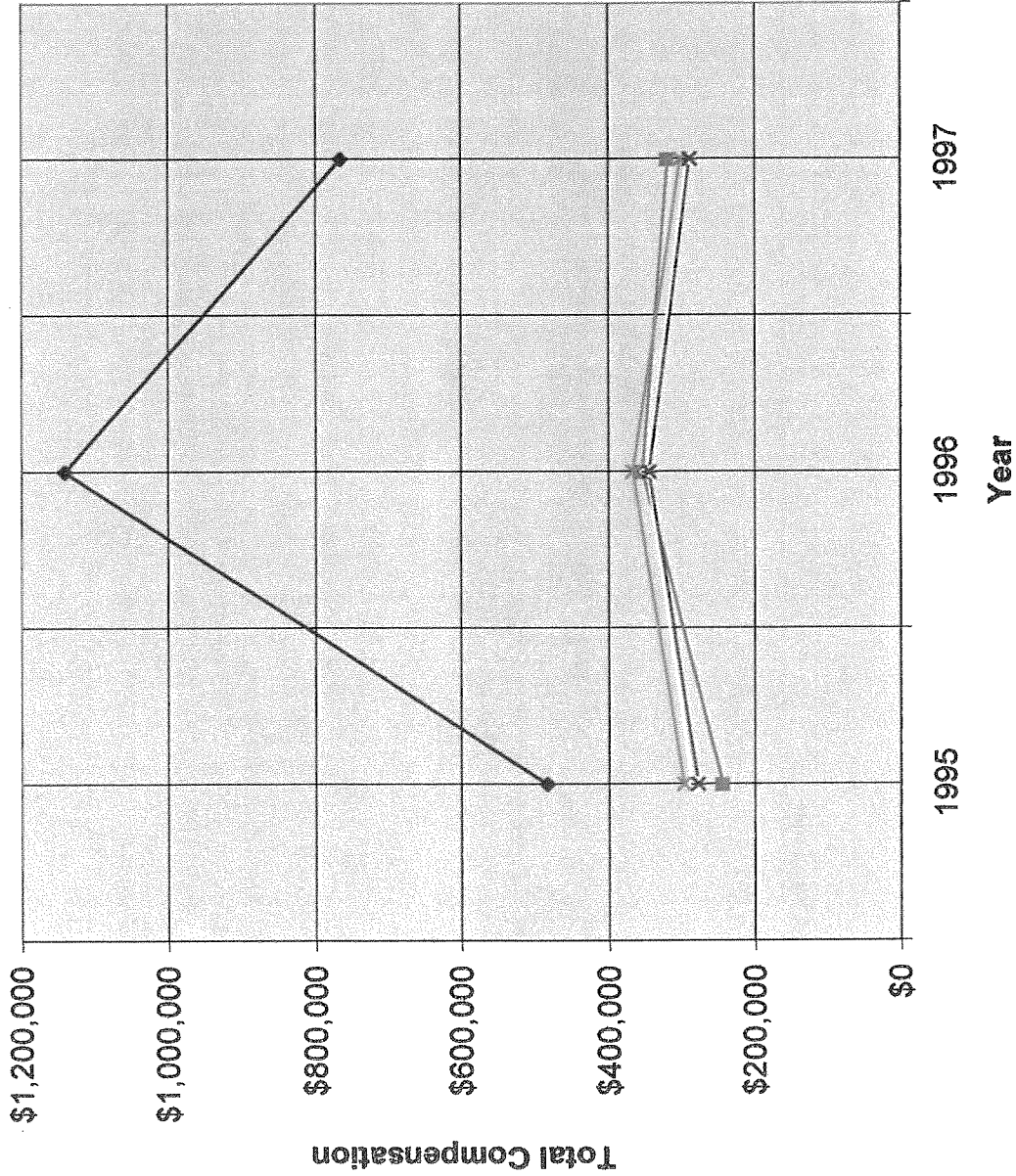


ANTHEM EXECUTIVE COMPENSATION

(based in Indiana)

Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTP Payouts	All other Annual Comp	Total (D-I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised in-the-Money Options/SAR S (Exercisable)	Value of Unexercised in-the-Money Options/SAR S (Unexercisable)
2002 Larry C. Glasscock	President & CEO	980,000	2,352,000	197,877	3,233,700	0	94,262	6,857,839	9,038,474	15,896,313	0	0	0
2001 Larry C. Glasscock	President & CEO	900,000	2,160,000	129,156		12,431,458	83,213	15,703,827		15,703,827			
2000 Larry C. Glasscock	President & CEO	800,000	1,600,000	65,675			51,467	2,517,142		2,517,142			
2002 David R. Frick	EVP & Chief Legal and Administrative Officer	475,000	760,000	56,425	883,878	0	33,932	2,209,235	2,259,618	4,468,853	0	0	0
2001 David R. Frick	EVP & Chief Legal and Administrative Officer	410,000	691,000	95,349		6,356,634	32,820	7,585,803		7,585,803			
2000 David R. Frick	EVP & Chief Legal and Administrative Officer	410,000	656,000	16,988		297,049	24,523	1,404,540		1,404,540			
2002 Michael L. Smith	EVP & Chief Financial and Accounting	475,000	760,000	101,953	883,878	0	33,905	2,254,736	2,259,618	4,514,354	0	0	0
2001 Michael L. Smith	EVP & Chief Financial and Accounting	410,000	656,000	86,115		4,214,884	30,038	5,397,037		5,397,037			
2000 Michael L. Smith	EVP & Chief Financial and Accounting	375,000	600,000	437		44,557	18,750	1,038,744		1,038,744			
2002 Keith R. Faller	President, Anthem Midwest	465,000	744,000	114,957	862,320	0	33,071	2,219,348	1,807,695	4,027,043	0	0	0
2001 Keith R. Faller	President, Anthem Midwest	400,000	640,000	97,912		3,781,110	26,375	4,945,397		4,945,397			
2000 Keith R. Faller	President, Anthem Midwest	350,000	490,000	30,202		178,229	12,779	1,061,210		1,061,210			
2002 Marjorie W. Dorr	President, Anthem East	465,000	744,000	3,351	862,320	0	33,056	2,107,727	1,807,695	3,915,422	0	0	0
2001 Marjorie W. Dorr	President, Anthem East	400,000	790,000	194,414		1,725,136	28,720	3,138,270		3,138,270			
2000 Marjorie W. Dorr	President, Anthem East	306,731	413,558	25,406		80,202	13,456	839,353		839,353			

Cerulean Compensation: 1995-1997
 (based in Georgia, acquired by Wellpoint in 2001)



- Richard D. Shirk, CEO, President & Director, Cerulean and Georgia Blue
- John A. Harris, Treasurer of Cerulean; EVP, Finance & Strategic Planning of Georgia Blue
- *— Raymond J. Colleran, EVP, Market Operations of Georgia Blue
- x— Mark Kishel, MD, EVP & Chief Medical Officer of Georgia Blue
- *— R. Neil Vannoy, EVP, Community Operations of Georgia Blue

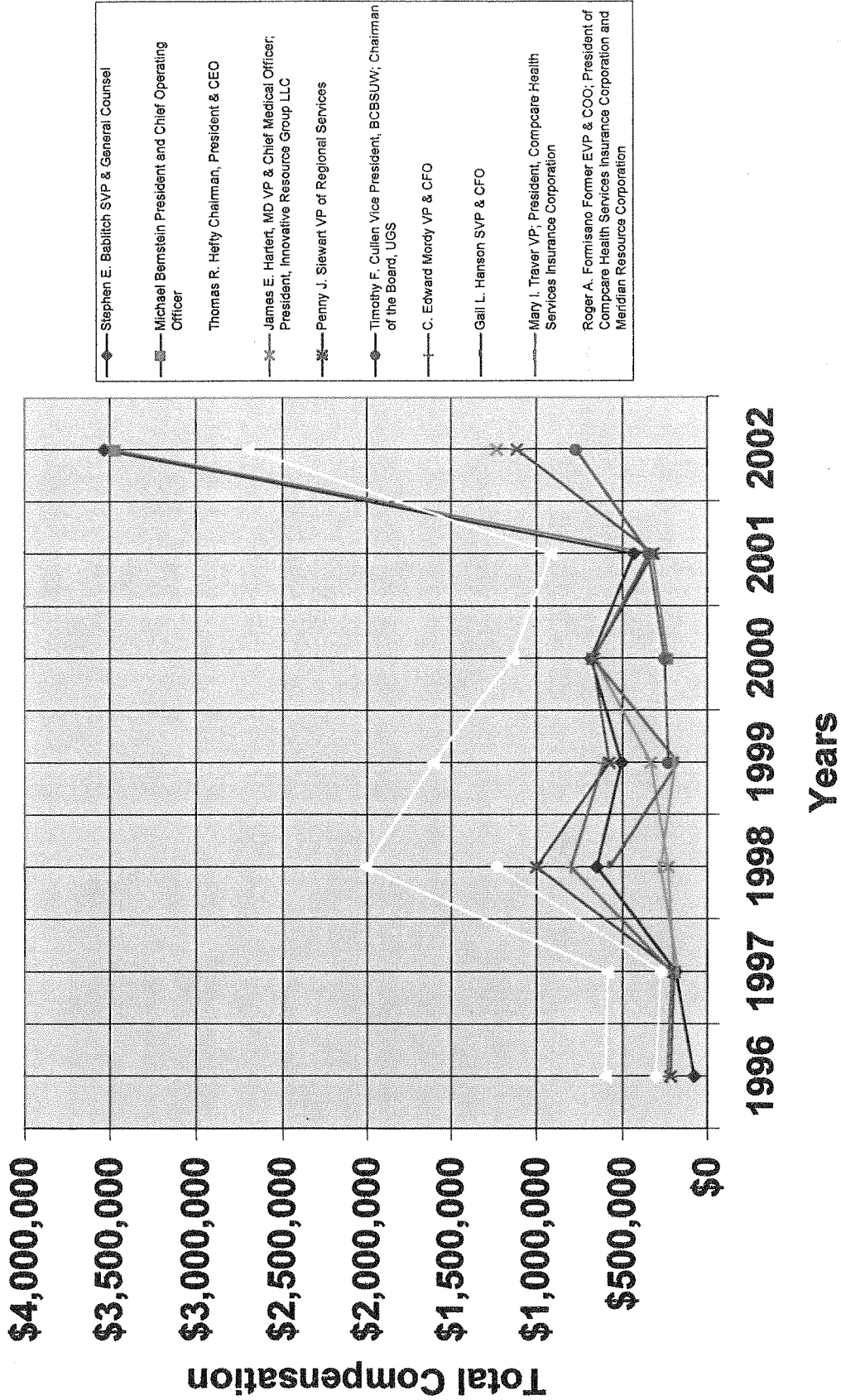
CERULEAN EXECUTIVE COMPENSATION

(based in Georgia, acquired by Wellpoint in 2001)

Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTI Payouts	All other Annual Comp	Total Compensation (D:I)	Grant Date Present Value or Potential Realizable Value at 5%	Shares Acquired on Exercise (Value Realized)	Value of Unexercised in-the Money Options/SAR S (Exercisable)	Value of Unexercised in-the Money Options/SARS (Unexercisable)
1997 Richard D. Shirk	CEO, President & Director, Cerulean and Georgia Blue	481,250	0	0	0	281,437	4,030	766,717				
1996 Richard D. Shirk	CEO, President & Director, Cerulean and Georgia Blue	425,000	278,000	0	0	432,225	5,878	1,141,103				
1995 Richard D. Shirk	CEO, President & Director, Cerulean and Georgia Blue	425,000	0	54,002	0	0	5,087	484,089				
1997 John A. Harris	Treasurer of Cerulean; EVP, Finance & Strategic Planning of Georgia Blue	225,750	0	0	0	89,967	3,202	318,919				
1996 John A. Harris	Treasurer of Cerulean; EVP, Finance & Strategic Planning of Georgia Blue	195,000	88,081	0	0	67,392	3,285	353,758				
1995 John A. Harris	Treasurer of Cerulean; EVP, Finance & Strategic Planning of Georgia Blue	187,500	0	0	0	53,625	2,803	243,928				
1997 Raymond J. Collieran	EVP, Market Operations of Georgia Blue	207,750	0	0	0	82,883	3,202	293,835				
1996 Raymond J. Collieran	EVP, Market Operations of Georgia Blue	195,000	81,011	0	0	67,392	3,935	347,338				
1995 Raymond J. Collieran	EVP, Market Operations of Georgia Blue	194,250	0	0	0	87,360	4,909	286,519				
1997 Mark Kishel, MD	EVP & Chief Medical Officer of Georgia Blue	208,750	0	0	0	89,967	3,238	301,955				
1996 Mark Kishel, MD	EVP & Chief Medical Officer of Georgia Blue	205,000	88,100	0	0	70,848	3,507	367,455				
1995 Mark Kishel, MD	EVP & Chief Medical Officer of Georgia Blue	203,750	0	0	0	91,000	3,130	297,880				
1997 R. Neil Vannoy	EVP, Community Operations of Georgia Blue	204,750	0	0	0	82,883	1,612	289,245				
1996 R. Neil Vannoy	EVP, Community Operations of Georgia Blue	195,000	81,081	0	0	67,392	1,181	344,654				
1995 R. Neil Vannoy	EVP, Community Operations of Georgia Blue	192,750	0	0	0	84,360	801	277,911				

Cobalt Compensation: 1996-2002

(based in Wisconsin)



1996 1997 1998 1999 2000 2001 2002

Years

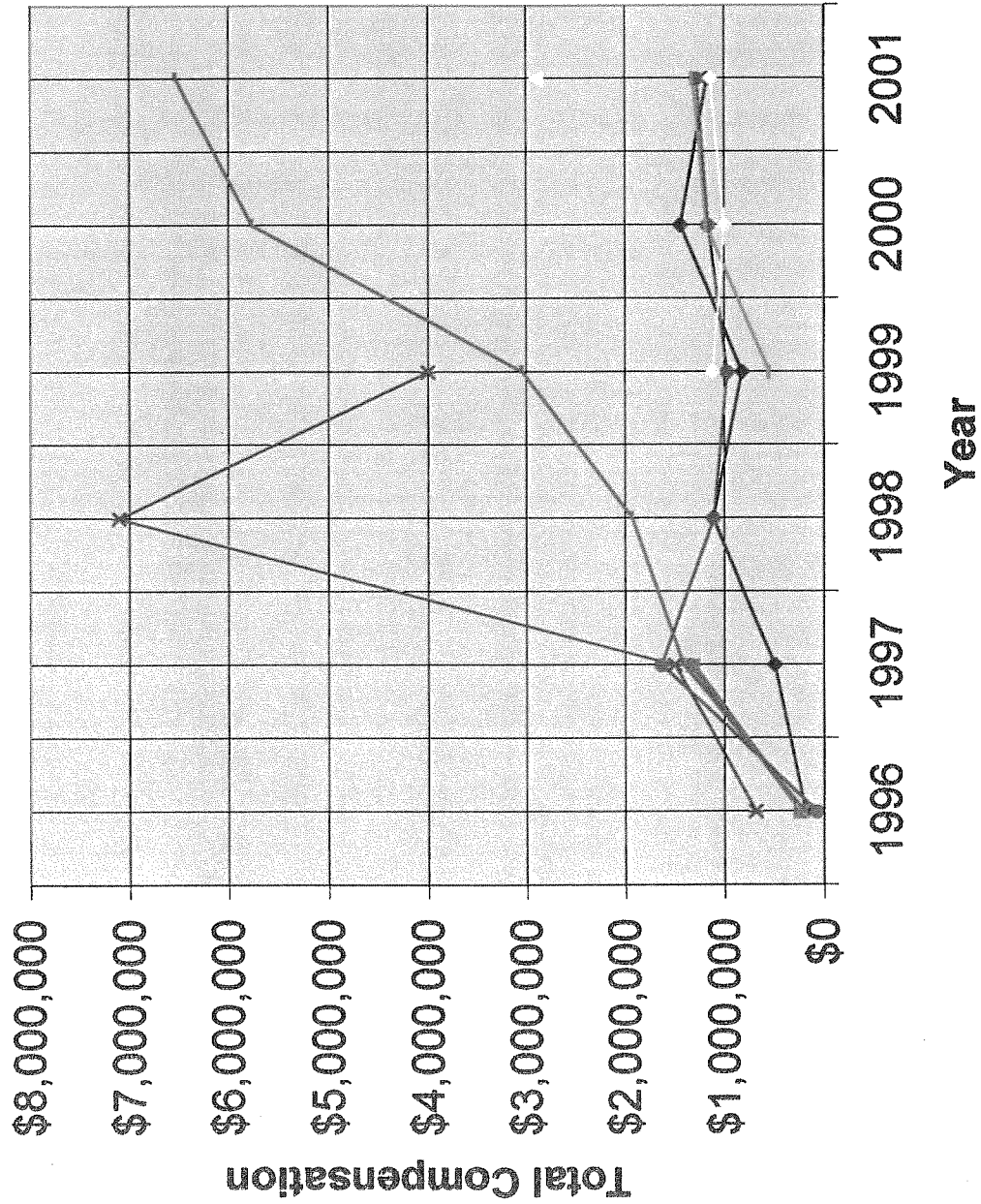
COBALT EXECUTIVE COMPENSATION

(based in Wisconsin)

	Name	Title	Salary	Bonus	Other Annual Comp	LTIP Payouts	All other Annual Comp	Total (D-I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised in-the Money Options/SARS (Exercisable)	Value of Unexercised in-the Money Options/SARS (Unexercisable)
2002	Thomas R. Hefty	Chairman, President & CEO	673,751	515,420	6,317		5,000	1,200,488	1,500,985	2,701,473	938,816	2,745,782	2,183,141
2001	Thomas R. Hefty	Chairman, President & CEO	677,505	223,712	13,577		4,250	919,044		919,044		208,761	228,717
2000	Thomas R. Hefty	Chairman, President & CEO	617,508	0	12,735	0	4,250	634,493	506,239	1,140,732	0	0	0
1999	Thomas R. Hefty	Chairman, President & CEO	577,506	0	28,887	0	4,000	610,393	997,805	1,608,198	0	0	0
1998	Thomas R. Hefty	Chairman, President & CEO	525,000	154,350	11,570	64,985	4,000	759,905	1,248,904	2,008,809		285,419	244,392
1997	Thomas R. Hefty	Chairman, President & CEO	475,008	97,377	7,885	5,294	4,000	589,564		589,564			
1996	Thomas R. Hefty	Chairman, President & CEO	410,028	177,542	9,355	0	3,750	600,675		600,675			
2002	Stephen E. Bablitch	SVP & General Counsel	432,142	520,000	98,716		5,000	1,055,858	2,475,989	3,531,847	0	1,155,106	1,525,268
2001	Stephen E. Bablitch	SVP & General Counsel	303,603	127,935	1,271		4,250	437,059		437,059		208,761	228,717
2000	Stephen E. Bablitch	Vice President & General Counsel	260,826	0	4,327	0	4,250	269,403	415,974	685,377		0	0
1999	Stephen E. Bablitch	Vice President & General Counsel	214,761	0	11,678	0	4,000	230,439	277,356	507,795		0	0
1998	Stephen E. Bablitch	Vice President & General Counsel	184,044	36,073	0	11,046	4,000	235,763	612,307	651,737		0	52,413
1997	Stephen E. Bablitch	Vice President & General Counsel	166,416	21,634	615	0	1,040	189,705		189,705			
1996	Stephen E. Bablitch	Vice President & General Counsel	40,002	20,000	0	22,087	0	82,089		82,089			
2002	Timothy F. Cullen	Senior Vice President, Corporate and Public Affairs; Chairman of the Board, UGS	272,932	131,367	5,129		3,981	413,389	358,931	772,320	491,220	589,433	913,418
2001	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	263,535	77,259	4,885		4,250	349,929		349,929		208,761	228,717
2000	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	246,753	0	4,327		4,250	255,330		255,330			
1999	Timothy F. Cullen	Vice President, BCBSUW; Chairman of the Board, UGS	217,971	0	10,815		4,000	232,786		232,786			
2002	Gail L. Hanson	SVP, Treasurer & CFO	285,252	139,943	5,169		5,000	435,364	815,753	1,251,117	0	918,165	1,298,793
2001	Gail L. Hanson	SVP & CFO	265,602	71,613	4,922		4,250	346,387		346,387		62,645	187,936
2000	Gail L. Hanson	VP & CFO	248,256	0	4,323	0	4,250	256,829	415,974	672,803		0	0
1999	Gail L. Hanson	Title Unknown	170,070	0	4,036	0	4,000	178,106		178,106			
1998	Gail L. Hanson	Title Unknown	127,200	27,476	2,345	0	3,180	160,201		576,175			
2002	Penny J. Stewart	SVP, Individual and Speciality Risk	261,627	131,413	960		5,000	399,000	717,862	1,116,862	612,003	986,588	1,256,133
2001	Penny J. Stewart	SVP of Regional Services	254,004	56,515	6,051		4,250	320,820		320,820		62,645	187,936
2000	Penny J. Stewart	VP of Regional Services	249,630	0	5,726		4,250	259,608	415,974	675,580		0	0
1999	Penny J. Stewart	VP of Regional Services	229,077	0	12,425		4,000	245,502	332,827	578,329		0	0
1998	Penny J. Stewart	VP of Regional Services	206,784	44,873	6,659	28,536	4,000	288,852	715,310	1,004,162		0	51,413
1997	Penny J. Stewart	VP of Regional Services	174,576	18,190	0	2,061	4,000	198,827		198,827			
1996	Penny J. Stewart	VP of Regional Services	163,152	53,677	1,737	0	3,017	221,563		221,563			
2002	James E. Hartert, MD	VP & Chief Medical Officer	286,743	283,502	4,299		5,000	579,544	652,602	1,232,146	886,286	304,714	1,158,793
2001	James E. Hartert, MD	VP & Chief Medical Officer	273,057	29,436	3,908		4,250	310,651					
2000	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	243,838	0	1,892	0	4,250	249,780	415,974	665,754		0	0
1999	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	210,006	0	0	0	4,000	214,006	121,766	335,772		0	0
1998	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	193,740	37,954	0	0	4,000	235,694		235,694			
1997	James E. Hartert, MD	VP & Chief Medical Officer; President, Innovative Resource Group LLC	182,004	18,928	0	0	1,517	202,449		202,449			
2002	Michael Bernstein	President and Chief Operating Officer	459,209	520,000	7,362		5,000	991,571	2,475,989	3,467,560	0	164,938	1,060,938
2001	Michael Bernstein	President and Chief Operating Officer	250,800	53,847	19,365	0	4,250	328,262		328,262			
2000	Michael Bernstein	President and Chief Operating Officer	230,000	0	2,126		4,250	236,376		236,376			
1999	C. Edward Mordy	VP & CFO	226,587	0	49,446	0	4,000	280,033	332,827	612,860		0	0
1998	C. Edward Mordy	VP & CFO	211,080	39,281	3,555	28,095	4,000	285,991	515,317	801,308		142,707	52,413
1997	C. Edward Mordy	VP & CFO	184,848	20,333	3,385	2,370	4,000	214,936		214,936			
1996	C. Edward Mordy	VP & CFO	176,040	55,805	3,106	0	3,750	238,701		238,701			
1999	Mary I. Traver	VP; President, CompCare Health Services Insurance Corporation	185,997	0	4,417	0	4,000	194,414	0	194,414		0	0
1998	Mary I. Traver	VP; President, CompCare Health Services Insurance Corporation	168,836	48,963	4,332	55,166	3,985	281,282		281,282			
1997	Mary I. Traver	VP; President, CompCare Health Services Insurance Corporation	162,516	9,751	2,134	0	4,000	178,401		178,401			
1998	Roger A. Formisano	Former EVP & COO; President of CompCare Health Services Insurance Corporation and Meridian Resource Corporation	264,996	0	3,817	35,164	4,000	307,977	921,325	1,229,302		71,354	52,413
1997	Roger A. Formisano	Former EVP & COO; President of CompCare Health Services Insurance Corporation and Meridian Resource Corporation	244,536	22,008	904	2,894	4,000	274,342		274,342			
1996	Roger A. Formisano	Former EVP & COO; President of CompCare Health Services Insurance Corporation and Meridian Resource Corporation	235,128	61,604	3,424	0	3,750	303,906		303,906			

Trigon Compensation: 1996 to 2001

(based in Virginia, acquired by Anthem in 2002)



- James W. Copley, Jr. SVP and Chief Investment Officer
- John C. Berry EVP & COO, Government and Individual Business
- John W. Coyle President and COO
- Manuel Deese EVP & COO, Major Accounts
- Norwood H. Davis Former Chairman
- Paul F. Nezi SVP, Market Growth
- Ronald H. Bargatze EVP and COO, Integrated Health Systems
- Thomas G. Snead, Jr. Chairman and CEO
- Thomas R. Byrd SVP and CFO
- William P. Bracciolieta, M.D. SVP and Chief Medical Officer

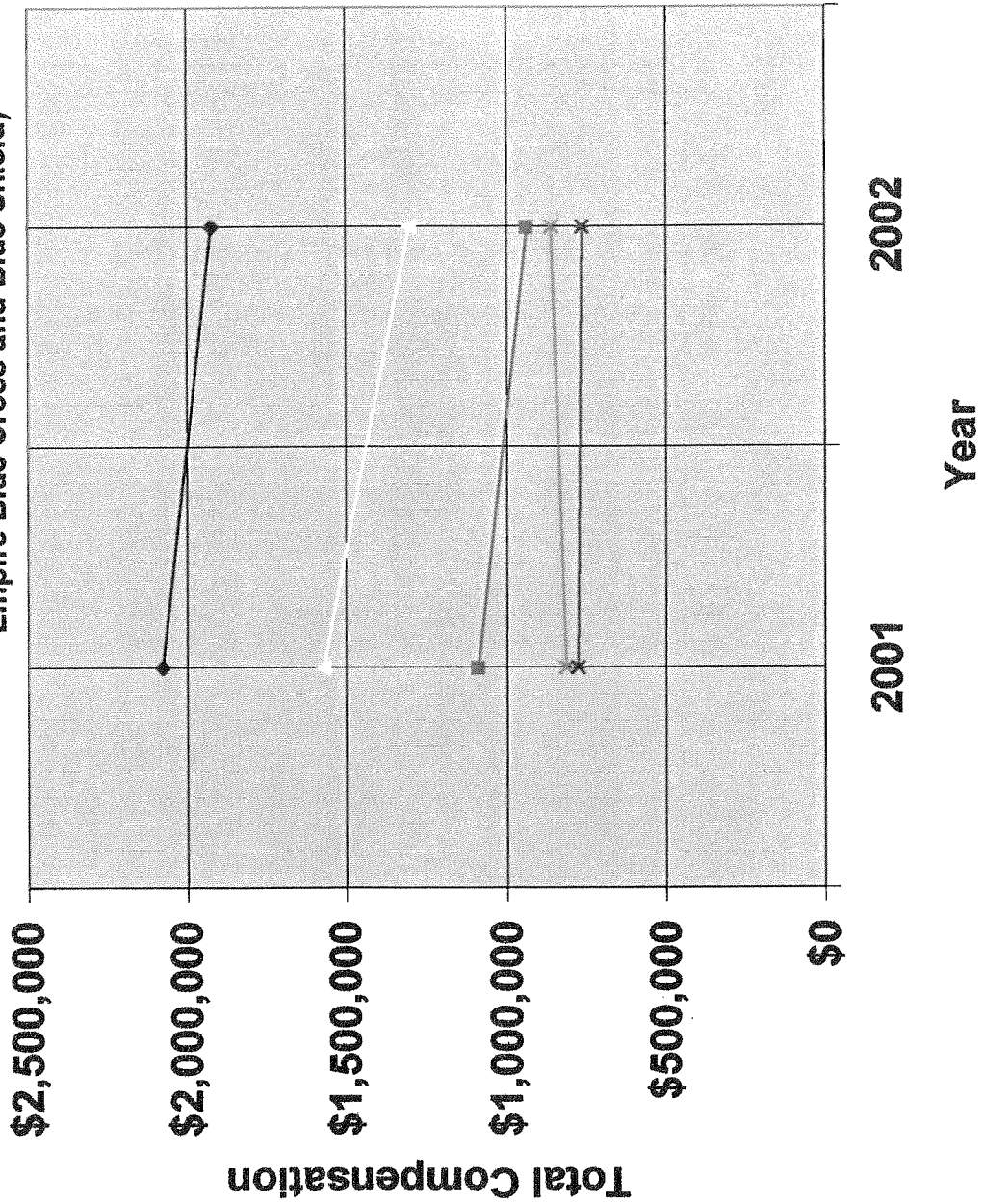
TRIGON EXECUTIVE COMPENSATION

(based in Virginia, acquired by Anthem in 2002)

Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTI Payouts	All other Annual Comp	Total (D-I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised Options/SARs (Exercisable)	Value of Unexercised in-the Money Options/SARs (Unexercisable)
2001 Thomas G. Snead, Jr.	Chairman and CEO	700,000	840,000	2,783	724,508	0	98,483	2,365,774	4,167,213	6,532,987	0	11,634,794	4,331,893
2000 Thomas G. Snead, Jr.	Chairman and CEO	550,000	661,475	2,825	1,823	0	54,131	1,764,538	4,008,024	5,772,562	0	9,659,381	9,840,463
1999 Thomas G. Snead, Jr.	President and CEO	405,940	463,777	1,823	407,027	0	44,633	1,323,200	1,718,454	3,041,654	0	563,961	401,976
1998 Thomas G. Snead, Jr.	President and COO	325,000	325,000	1,229	295,776	0	21,750	988,755	962,209	1,930,964	0	594,849	1,998,432
1997 Thomas G. Snead, Jr.	President and COO	233,958	170,542	164	0	65,753	7,654	478,071	939,215	1,417,286	0	0	329,375
1996 Thomas G. Snead, Jr.	President and COO	187,200	0	1,067	0	0	9,491	197,758	0	197,758	0	0	0
2001 James W. Copley, Jr.	SVP and Chief Investment Officer	214,000	383,810	559	0	0	51,086	629,455	555,628	1,185,083	1,247,038	3,349,971	518,104
2000 James W. Copley, Jr.	SVP and Chief Investment Officer	205,500	726,289	937	0	0	30,824	963,550	485,821	1,449,371	127,120	4,720,552	1,576,848
1999 James W. Copley, Jr.	SVP and Chief Investment Officer	197,600	351,897	1,440	0	0	38,775	589,712	234,656	824,368	0	374,611	247,302
1998 James W. Copley, Jr.	SVP and Chief Investment Officer	190,000	425,148	2,645	0	0	19,967	637,760	481,104	1,118,864	0	344,544	1,043,432
1997 James W. Copley, Jr.	SVP and Chief Investment Officer	181,000	308,210	119	0	0	11,250	500,579	0	500,579	0	0	0
1996 James W. Copley, Jr.	SVP and Chief Investment Officer	181,000	0	548	0	0	6,514	188,062	0	188,062	0	0	0
2001 Thomas R. Byrd	SVP and CFO	298,000	238,400	270	116,280	89,400	26,649	768,999	555,628	1,324,627	0	3,777,633	678,792
2000 Thomas R. Byrd	SVP and CFO	262,000	209,600	4,998	204,413	0	22,785	703,796	485,821	1,189,617	0	3,842,968	1,545,876
1999 Thomas R. Byrd	SVP and CFO	215,000	172,000	415	139,774	0	21,300	548,489	0	548,489	0	0	0
2001 John W. Coyle	President and COO	422,933	470,342	73,024	441,813	0	14,547	1,422,659	1,477,902	2,900,561	0	0	428,000
2000 Paul F. Nezi	SVP, Market Growth	287,500	230,000	2,012	0	172,500	34,968	726,980	555,628	1,282,608	1,411,250	3,033,444	571,677
1999 Paul F. Nezi	SVP, Virginia Group Business	270,400	216,320	3,537	0	162,240	31,941	684,438	485,821	1,170,259	282,155	4,317,131	1,711,875
1998 Paul F. Nezi	SVP, Virginia Group Business	260,000	208,000	241	0	130,000	27,600	625,841	351,984	977,825	0	360,075	240,038
1997 Paul F. Nezi	SVP, Sales and Marketing	250,000	200,000	633	162,501	0	19,687	632,821	481,104	1,113,925	0	329,569	1,013,513
1996 Paul F. Nezi	SVP, Sales and Marketing	250,000	275,000	420	0	0	206,193	731,613	905,821	1,637,434	0	0	260,400
1999 Norwood H. Davis	SVP, Sales and Marketing	52,212	15,625	0	0	0	6,514	74,351	0	74,351	0	0	0
1998 Norwood H. Davis	Chairman	764,400	917,280	269,374	794,977	0	83,277	2,829,308	1,173,282	4,002,590	0	1,629,169	1,414,581
1997 Norwood H. Davis	Chairman; CEO Trigon BCBS	682,500	819,000	24,835	709,804	0	63,133	2,299,272	4,811,044	7,110,316	0	1,265,635	6,074,990
1996 Norwood H. Davis	Chairman; CEO Trigon BCBS	650,000	585,000	743	0	233,500	33,001	1,502,244	0	1,502,244	0	0	0
William P. Bracciolieta,	Chairman; CEO Trigon BCBS	650,000	0	9,327	0	0	32,869	692,196	0	692,196	0	0	0
2000 M.D.	SVP and Chief Medical Officer	265,000	212,000	315	0	159,000	24,614	660,929	485,821	1,146,750	795,456	0	1,671,875
1999 M.D.	SVP and Chief Medical Officer	254,800	203,840	173	165,648	0	24,451	648,912	351,984	1,000,896	0	40,000	80,000
1998 M.D.	SVP and Chief Medical Officer	198,670	198,333	0	132,716	0	35,081	564,800	556,572	1,121,372	0	0	234,375
1997 Ronald H. Bargatz	EVP and COO, Integrated Health Systems	233,700	163,590	132	0	39,729	7,011	444,162	911,386	1,355,548	0	0	0
1996 Ronald H. Bargatz	EVP and COO, Integrated Health Systems	233,700	0	1,393	0	0	10,967	246,060	0	246,060	0	0	0
1997 John C. Berry	EVP & COO, Government and Individual Business	200,700	140,490	42	0	34,119	6,623	381,974	932,258	1,314,232	0	0	268,000
1996 John C. Berry	EVP & COO, Government and Individual Business	200,700	0	1,478	0	20,070	9,086	231,334	0	231,334	0	0	0
1996 Manuel Deese	EVP & COO, Major Accounts	211,800	0	828	0	0	8,673	221,301	0	221,301	0	0	0

Wellchoice Compensation: 2001 - 2002

(based in New York, for-profit entity created in the conversion of Empire Blue Cross and Blue Shield)



◆ Michael A. Stocker, MD Chief Executive Officer & Director
 ■ David B. Snow, Jr. President and Chief Operating Officer
 □ Kenneth O. Klepper Senior VP, Systems, Technology and Infrastructure
 × Gloria M. McCarthy Senior VP, Operations, Managed Care and Medicare Services
 * John W. Remshard Senior VP, Chief Financial Officer

WELLCHOICE EXECUTIVE COMPENSATION*

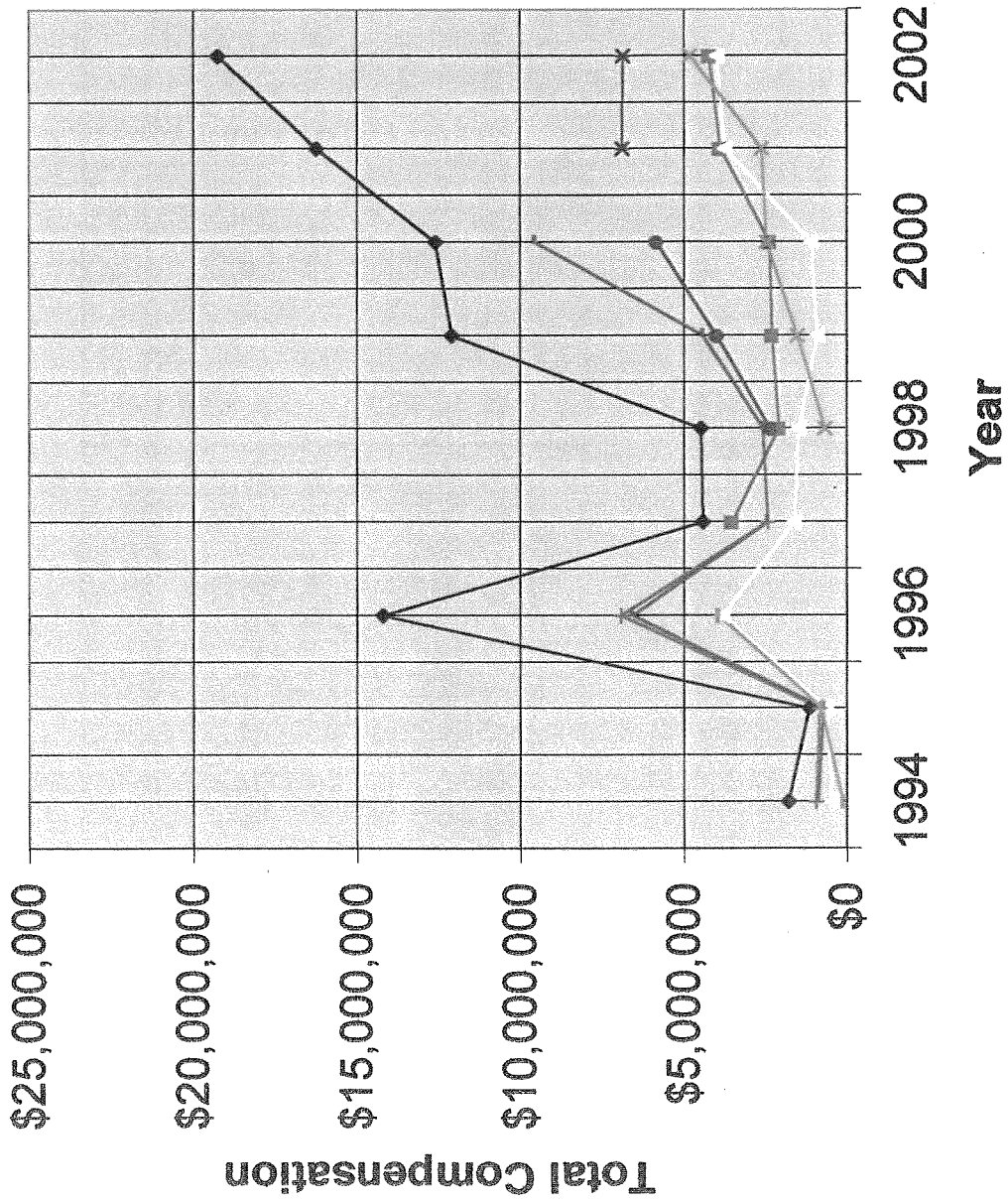
(based in New York, for-profit entity created in the conversion of Empire Blue Cross and Blue Shield)

Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards	LTI Payouts	All other Annual Comp	Total (D-I)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised Options/SAR (Exercisable)	Value of Unexercised in-the-Money Options/SAR (Unexercisable)
2002 Michael A. Stocker, MD	Chief Executive Officer & Director	850,000	622,500			452,760		1,925,260		1,925,260			
2001 Michael A. Stocker, MD	Chief Executive Officer & Director	836,539	796,875			446,600		2,080,014		2,080,014			
2002 David B. Snow, Jr.	President and Chief Operating Officer	650,000				287,509		937,509		937,509			
2004 David B. Snow, Jr.	President and Chief Operating Officer	602,885	487,500					1,090,385		1,090,385			
2002 Kenneth O. Klepper	Senior VP, Systems, Technology and Infrastructure	420,000	710,000			174,812		1,304,812		1,304,812			
2001 Kenneth O. Klepper	Senior VP, Systems, Technology and Infrastructure	414,616	1,012,500			143,376		1,570,492		1,570,492			
2002 Gloria M. McCarthy	Senior VP, Operations, Managed Care and Medicare Services	400,000	200,000			262,248		862,248		862,248			
2001 Gloria M. McCarthy	Senior VP, Operations, Managed Care and Medicare Services	394,616	250,000			172,434		817,050		817,050			
2002 John W. Remshard	Senior VP, Chief Financial Officer	409,231	181,569			174,812		765,612		765,612			
2004 John W. Remshard	Senior VP, Chief Financial Officer	369,231	237,500			172,434		779,165		779,165			

* Note: Under its conversion plan, Wellchoice agreed not to grant stock-based compensation to its employees or directors until November 7, 2003, the one year anniversary of its initial public offering.

Wellpoint Compensation: 1994-2002

(based in California)



- Leonard D. Schaeffer Chairman & CEO
- David C. Colby EVP & CFO
- *— Thomas C. Geiser EVP, General Counsel & Secretary
- x— Joan E. Herman EVP, Senior, Specialty and State-Sponsored Program Division
- *— D. Mark Weinberg EVP & Chief Development Officer
- D. Mark Weinberg EVP, Individual and Small Group Businesses
- +— D. Mark Weinberg EVP, UNICARE Businesses
- +— Ronald A. Williams EVP, Large Group Businesses
- +— Howard G. Phantisiel EVP, Finance & Information Services

Wellpoint Health Networks, Inc. Executive Compensation

(based in California)

	Name	Title	Salary	Bonus	Other Annual Comp	Restricted Stock Awards (\$)	LTP Payouts	All other Annual Comp	Total (D.1)	Grant Date Present Value or Potential Realizable Value at 5%	Total Annual Compensation (J+K)	Shares Acquired on Exercise (Value Realized)	Value of Unexercised in the Money Options/SARS (Exercisable)	Value of Unexercised in the Money Options/SARS (Unexercisable)
2002	Leonard D. Schaeffer	Chairman & CEO	1,246,155	5,690,916	140,342	0		207,382	7,284,795	11,981,582	19,266,377	14,480,737	65,999,271	15,106,708
2001	Leonard D. Schaeffer	Chairman & CEO	1,176,925	4,437,500	135,559	0		169,688	5,919,672	10,330,860	16,250,552	4,142,707	46,581,170	14,131,417
2000	Leonard D. Schaeffer	Chairman & CEO	1,076,922	3,344,676	141,868	0		192,125	4,755,591	7,822,930	12,578,521	6,371,874	42,303,990	14,483,839
1999	Leonard D. Schaeffer	Chairman & CEO	999,992	2,200,700	129,849	0		133,557	3,464,098	8,620,295	12,084,393	5,963,740	11,379,363	3,058,737
1998	Leonard D. Schaeffer	Chairman & CEO	977,951	115,000	4,727	317,531		105,814	1,521,023	2,967,259	4,488,282	384,450	22,004,817	13,107,269
1997	Leonard D. Schaeffer	Chairman & CEO	890,387	630,000	3,757	0		105,607	1,629,751	2,808,440	4,438,191	0	546,109	2,370,369
1996	Leonard D. Schaeffer	Chairman & CEO	744,524	532,440	12,908	0	5,475,049	245,777	7,010,698	7,173,773	14,184,471	0	0	0
1995	Leonard D. Schaeffer	Chairman & CEO	636,005	305,280	0	0	136,913	93,818	1,172,016		1,172,016			
1994	Leonard D. Schaeffer	Chairman & CEO	629,082	283,020	0	0	806,756	96,368	1,815,226		1,815,226			
2002	David C. Colby	EVP & CFO	541,231	1,335,000	5,377	0		58,675	1,940,283	2,313,576	4,253,859	0	20,135,650	3,920,715
2001	David C. Colby	EVP & CFO	502,239	1,106,000	5,165	0		48,771	1,662,175	2,258,292	3,920,467	0	11,927,038	3,814,236
2000	David C. Colby	EVP & CFO	459,846	642,110	5,656	0		41,969	1,149,581	1,243,224	2,392,805	0	9,401,813	4,274,000
1999	David C. Colby	EVP & CFO	423,154	374,800	3,900	316,750		35,752	1,154,358	1,164,209	2,318,565	0	1,020,345	716,219
1998	David C. Colby	EVP & CFO	405,654	300,000	289,056	211,888		24,176	1,230,574	869,287	2,099,861	0	1,260,653	3,817,960
1997	David C. Colby	EVP & CFO	123,077	169,300	33,877	706,250		138	1,032,642	2,529,023	3,561,665	0	0	0
2002	Thomas C. Geiser	EVP, General Counsel & Secretary	501,577	1,138,613	5,377	0		55,615	1,701,182	2,313,576	4,014,758	0	10,840,254	3,920,715
2001	Thomas C. Geiser	EVP, General Counsel & Secretary	473,770	998,213	5,185	0		47,886	1,525,034	2,258,292	3,783,326	0	5,473,489	3,721,912
2000	Thomas C. Geiser	EVP, General Counsel & Secretary	431,462	638,723	5,105	0		39,691	1,114,981		1,114,981			
1999	Thomas C. Geiser	EVP, General Counsel & Secretary	390,504	320,000	4,887	158,375		32,911	906,677		906,677			
1998	Thomas C. Geiser	EVP, General Counsel & Secretary	347,709	240,000	29,727	105,844		30,500	753,780	745,103	1,498,883	0	6,847,032	4,365,812
1997	Thomas C. Geiser	EVP, General Counsel & Secretary	336,119	189,000	34,800	0		30,643	590,362	1,053,165	1,643,527	0	165,245	836,276
1996	Thomas C. Geiser	EVP, General Counsel & Secretary	321,002	155,000	35,989	159,750	1,007,791	63,085	1,742,617	2,103,586	3,846,203	0	0	0
1995	Thomas C. Geiser	EVP, General Counsel & Secretary	269,170	105,235	220,730	0	27,963	20,965	644,063		644,063			
1994	Thomas C. Geiser	EVP, General Counsel & Secretary	255,508	126,438	0	0	74,796	17,167	473,909		473,909			
2002	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Division	472,385	1,146,250	5,377	0		51,160	1,675,172	2,909,238	4,584,410	4,785,129	2,462,405	3,920,715
2001	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Division	438,462	945,163	5,165	0		42,926	1,431,716	1,221,228	2,652,944	597,814	2,473,916	3,583,426
2000	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Division	401,000	710,730	5,105	0		37,683	1,154,518	1,345,641	2,500,159	146,436	1,315,035	3,531,250
1999	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Division	366,962	350,000	10,831	0		27,416	755,209	780,940	1,536,149	2,180	36,735	75,000
1998	Joan E. Herman	EVP, Senior, Specialty and State-Sponsored Program Division	195,192	192,525	121,663	154,844		9,437	673,661		673,661			
2002	D. Mark Weinberg	EVP & Chief Development Officer	614,231	1,025,706	0	0		70,007	1,709,944	5,186,911	6,896,855	12,336,257	530,307	4,972,300
2001	D. Mark Weinberg	EVP & Chief Development Officer	589,231	700,000	0	0		63,022	1,352,253	5,559,498	6,911,751	6,516,111	3,326,133	4,992,540
2000	D. Mark Weinberg	EVP, Individual and Small Group Businesses	561,923	776,201	0	0		49,740	1,387,864	4,485,901	5,873,765	7,569,546	6,634,370	5,777,500
1999	D. Mark Weinberg	EVP, Individual and Small Group Businesses	532,116	400,000	0	0		40,286	972,402	3,048,306	4,020,708	3,638,355	3,392,412	1,480,306
1998	D. Mark Weinberg	EVP, Individual and Small Group Businesses	516,156	250,000	0	0		41,383	807,539	1,580,773	2,388,312	2,387,175	7,966,048	6,314,024
1997	D. Mark Weinberg	EVP, UNICARE Businesses	492,948	240,000	258,734	0		51,023	1,042,705	1,404,220	2,446,925	0	311,956	1,203,141
1996	D. Mark Weinberg	EVP, UNICARE Businesses	456,285	234,000	206,987	0	1,976,199	136,473	3,009,944	3,948,787	6,958,731	0	0	0
1995	D. Mark Weinberg	EVP, UNICARE Businesses	407,075	157,538	172,490	0	42,736	51,097	830,936		830,936			
1994	D. Mark Weinberg	EVP, UNICARE Businesses	395,134	173,414	0	0	345,210	39,286	953,044		953,044			
2000	Ronald A. Williams	EVP, Large Group Businesses	588,846	968,177	5,105	0		63,539	1,625,667	7,936,674	9,562,341	11,579,964	4,616,425	6,246,250
1999	Ronald A. Williams	EVP, Large Group Businesses	532,116	562,000	4,867	0		48,055	1,147,058	3,300,808	4,447,866	2,419,835	3,688,595	1,480,306
1998	Ronald A. Williams	EVP, Large Group Businesses	516,155	300,000	4,727	0		46,260	867,142	1,744,971	2,612,113	1,934,730	8,461,702	6,315,065
1997	Ronald A. Williams	EVP, Blue Cross of CA Businesses	489,424	285,000	204,701	0		70,399	1,049,524	1,404,220	2,453,744	0	296,499	1,189,767
1996	Ronald A. Williams	EVP, Blue Cross of CA Businesses	430,888	238,743	157,463	0	1,866,031	134,256	2,827,361	3,778,006	6,605,387	0	0	0
1995	Ronald A. Williams	EVP, Blue Cross of CA Businesses	371,612	143,814	125,970	0	39,043	47,741	728,180		728,180			
1994	Ronald A. Williams	EVP, Blue Cross of CA Businesses	360,710	165,572	0	0	316,443	37,272	879,997		879,997			
1996	Howard G. Phantsiel	EVP, Finance & Information Services	358,077	294,000	30,000	0	1,042,658	80,859	1,805,594	2,162,572	3,968,166	0	0	0
1995	Howard G. Phantsiel	EVP, Finance & Information Services	350,000	148,000	244,161	0	10,288	18,366	770,815		770,815			
1994	Howard G. Phantsiel	EVP, Finance & Information Services	22,885	100,000	10,198	0	0	1,030	134,113		134,113			

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