

ANTHEM INC
Form S-4/A
May 11, 2004

Table of Contents

As Filed with the Securities and Exchange Commission on May 11, 2004

Registration No. 333-110830

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NO. 1
TO
FORM S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Anthem, Inc.

(Exact name of Registrant as specified in its charter)

Indiana
*(State or other jurisdiction
of incorporation)*

6324
*(Primary Standard Industrial
Classification Code Number)*

35-2145715
*(I.R.S. Employer
Identification Number)*

120 Monument Circle
Indianapolis, Indiana 46204
(317) 488-6000

(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

David R. Frick, Esq.

Executive Vice President and Chief Legal and Administrative Officer
Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204
(317) 488-6000

(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:

Stephen M. Kotran, Esq.
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10004
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1 WellPoint Way
Thousand Oaks, California 91362
(818) 234-4000

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Simpson Thacher & Bartlett
LLP
425 Lexington Avenue
New York, New York 10017
(212) 455-2000

Approximate date of commencement of the proposed sale of the securities to the public: As soon as practicable after this Registration Statement becomes effective.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.



Table of Contents

MERGER PROPOSED YOUR VOTE IS VERY IMPORTANT

The boards of directors of Anthem and WellPoint have approved a merger of the two companies. Our combined company will be named WellPoint, Inc. Its corporate headquarters will be located in Indianapolis, Indiana.

If the merger is completed, WellPoint stockholders will have the right to receive \$23.80 in cash, without interest, and one share of Anthem common stock for each share of WellPoint common stock they hold. Anthem shareholders will continue to own their existing Anthem shares. The implied value of one share of WellPoint common stock on May 10, 2004, the last practicable trading day before the distribution of this document, was \$109.79, based on the closing price of Anthem common stock on that date plus \$23.80. This value will fluctuate prior to the completion of the merger.

We have agreed to file an application with the New York Stock Exchange to have Anthem's stock listed on the New York Stock Exchange under the symbol WLP.

Approximately 158,022,638 shares of common stock of Anthem will be issued to WellPoint stockholders in the merger, based on the number of shares of WellPoint common stock outstanding on March 31, 2004. These shares will represent approximately 53% of the outstanding common stock of Anthem after the merger. Anthem shares held by Anthem shareholders before the merger will represent approximately 47% of the outstanding common stock of Anthem after the merger.

We cannot complete the merger unless, among other things, the shareholders of Anthem approve the stock issuance and the articles amendment, and the stockholders of WellPoint adopt the merger agreement. Anthem will hold a special meeting of its shareholders and WellPoint will hold a special meeting of its stockholders to vote on these proposals. **Your vote is important.** The places, dates and times of the special meetings are as follows:

For Anthem shareholders:

June 28, 2004
11:00 a.m., local time
Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204

Anthem's board of directors unanimously recommends that Anthem shareholders vote FOR the articles amendment and the issuance of Anthem common stock in the merger.

For WellPoint stockholders:

June 28, 2004
9:00 a.m., local time
Hyatt Westlake Plaza
880 South Westlake Boulevard
Westlake Village, California 91361

WellPoint's board of directors unanimously recommends that WellPoint stockholders vote FOR the adoption of the merger agreement.

This document describes the special meetings, the merger, documents related to the merger and other related matters. **Please read this entire document carefully, including the section discussing risk factors beginning on page 18.** You can also obtain information about our companies from documents that we have each previously filed with the Securities and Exchange Commission.

Anthem common stock is listed on the New York Stock Exchange under the symbol ATH. WellPoint common stock is listed on the New York Stock Exchange under the symbol WLP.

Larry C. Glasscock
Chairman, President and Chief Executive Officer
Anthem, Inc.

Leonard D. Schaeffer
Chairman and Chief Executive Officer
WellPoint Health Networks Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved the Anthem common stock to be issued under this joint proxy statement/prospectus or determined if this joint proxy statement/prospectus is accurate or adequate. Any representation to the contrary is a criminal offense.

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The date of this joint proxy statement/prospectus is May 11, 2004, and it is first being mailed or otherwise delivered to Anthem shareholders and WellPoint stockholders on or about May 20, 2004.

Table of Contents

REFERENCES TO ADDITIONAL INFORMATION

This document incorporates important business and financial information about Anthem and WellPoint from documents that are not included in or delivered with this document. You can obtain documents incorporated by reference in this document, other than certain exhibits or schedules to those documents, by requesting them in writing or by telephone from the appropriate company at the following addresses:

Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204
Attention: Corporate Secretary
Telephone (800) 985-0999

WellPoint Health Networks Inc.
1 WellPoint Way
Thousand Oaks, California 91362
Attention: Investor Relations
Telephone (818) 234-4000

You will not be charged for any of these documents that you request. Anthem shareholders or WellPoint stockholders requesting documents should do so by June 21, 2004 in order to receive them before the special meetings.

See WHERE YOU CAN FIND MORE INFORMATION on page 128.

VOTE BY MAIL, ELECTRONICALLY OR BY TELEPHONE

Anthem shareholders of record may submit their proxies:

by mail by writing to Anthem, Inc., Attn: Corporate Secretary, 120 Monument Circle, Indianapolis, Indiana 46204;

by telephone by calling the toll-free number (877) 779-8683 on a touch-tone phone and following the recorded instructions; or

through the Internet by visiting a website established for that purpose at www.eproxyvote.com/ath and following the instructions.

WellPoint stockholders of record may submit their proxies:

by mail by writing to WellPoint Health Networks Inc., 1 WellPoint Way, Thousand Oaks, California 91362;

by telephone by calling the toll-free number (800) 435-6710 on a touch-tone phone and following the recorded instructions; or

through the Internet by visiting a website established for that purpose at <http://www.eproxy.com/wlp> and following the instructions.

Table of Contents

120 Monument Circle

Indianapolis, Indiana 46204

NOTICE OF SPECIAL MEETING OF SHAREHOLDERS

To Anthem's Shareholders:

NOTICE IS HEREBY GIVEN that a special meeting of Anthem shareholders will be held at Anthem's headquarters, 120 Monument Circle, Indianapolis, Indiana 46204, at 11:00 a.m., local time, on June 28, 2004. The purpose of the Anthem special meeting is to consider and to vote upon the following matters:

a proposal to issue shares of Anthem common stock in the merger contemplated by the Amended and Restated Agreement and Plan of Merger, effective as of October 26, 2003, among Anthem, Anthem Holding Corp., a direct wholly owned subsidiary of Anthem, and WellPoint;

a proposal to amend the articles of incorporation of Anthem that would change Anthem's name to WellPoint, Inc.; and

such other business as may properly come before the Anthem special meeting or any adjournment or postponement thereof.

In the merger, each share of WellPoint common stock will be converted into the right to receive \$23.80 in cash, without interest, and one share of Anthem common stock. Your attention is directed to the joint proxy statement/prospectus accompanying this notice for a discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying joint proxy statement/ prospectus.

Anthem has fixed the close of business on May 10, 2004, as the record date for the Anthem special meeting, and only Anthem shareholders of record at such time will be entitled to receive notice of and to vote at the special meeting or any adjournment or postponement thereof. In order to approve the issuance of Anthem common stock in the merger, the total number of votes cast at the special meeting must represent over 50% of all Anthem common stock entitled to vote and a majority of the shares voting at the Anthem special meeting must vote in favor of the issuance. In order to approve the amendment to the articles of incorporation of Anthem in connection with the merger, the total number of votes cast at the Anthem special meeting must represent over 25% of all Anthem common stock entitled to vote and a greater number of votes cast by the holders of Anthem common stock at the Anthem special meeting must be in favor of the amendment than against it. **Therefore, your vote is very important.** A complete list of Anthem shareholders entitled to vote at the Anthem special meeting will be made available for inspection by any Anthem shareholder for five business days prior to the Anthem special meeting at the principal executive offices of Anthem and at the time and place of the Anthem special meeting.

All Anthem shareholders entitled to notice of, and to vote at, the Anthem special meeting are cordially invited to attend the Anthem special meeting in person. **However, to ensure your representation at the special meeting, please submit your proxy, either by mail, by telephone or through the Internet with voting instructions.** The submission of your proxy will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of Anthem common stock entitled to vote who is present at the Anthem special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the vote is taken at the Anthem special meeting.

The Anthem board of directors has unanimously approved the articles amendment and the merger agreement and unanimously recommends that Anthem shareholders vote FOR the articles amendment and the issuance of Anthem common stock in the merger.

YOUR VOTE IS IMPORTANT.

BY ORDER OF THE BOARD OF DIRECTORS,

Nancy L. Purcell

May 11, 2004

Table of Contents

1 WellPoint Way

Thousand Oaks, California 91362

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To WellPoint's Stockholders:

NOTICE IS HEREBY GIVEN that a special meeting of WellPoint stockholders will be held at the Hyatt Westlake Plaza, 880 South Westlake Boulevard, Westlake Village, California 91361 at 9:00 a.m., local time, on June 28, 2004. The purpose of the WellPoint special meeting is to consider and vote upon the following matters:

a proposal to adopt the Amended and Restated Agreement and Plan of Merger, effective as of October 26, 2003, among Anthem, Anthem Holding Corp., a direct wholly owned subsidiary of Anthem, and WellPoint; and

such other business as may properly come before the WellPoint special meeting or any adjournment or postponement thereof.

In the merger, each share of WellPoint common stock will be converted into the right to receive \$23.80 in cash, without interest, and one share of Anthem common stock. Your attention is directed to the joint proxy statement/prospectus accompanying this notice for a discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying joint proxy statement/prospectus.

WellPoint has fixed the close of business on May 10, 2004 as the record date for the WellPoint special meeting, and only WellPoint stockholders of record at such time will be entitled to receive notice of and to vote at the special meeting or any adjournment or postponement thereof. In order to adopt the merger agreement, a majority of the outstanding shares of WellPoint common stock entitled to vote thereon must vote to adopt the merger agreement. **Therefore, your vote is very important.** A list of WellPoint stockholders entitled to vote at the special meeting will be available for inspection by any stockholder during regular business hours at WellPoint's offices, 1 WellPoint Way, Thousand Oaks, California 91362, for 10 days prior to the date of the special meeting and will also be available at the special meeting.

All WellPoint stockholders entitled to notice of, and to vote at, the WellPoint special meeting are cordially invited to attend the WellPoint special meeting in person. **However, to ensure your representation at the special meeting, please submit your proxy, either by mail, by telephone or through the Internet with voting instructions.** The submission of your proxy will not prevent you from voting in person, but it will help to secure a quorum and avoid added solicitation costs. Any holder of WellPoint common stock entitled to vote who is present at the WellPoint special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the vote is taken at the WellPoint special meeting.

The WellPoint board of directors has unanimously determined that the terms of the merger agreement and the transactions contemplated by it are advisable, fair to and in the best interests of WellPoint and its stockholders and unanimously recommends that WellPoint stockholders vote FOR the adoption of the merger agreement.

YOUR VOTE IS IMPORTANT.

BY ORDER OF THE BOARD OF DIRECTORS,

Thomas C. Geiser
Secretary

May 11, 2004

Table of Contents**TABLE OF CONTENTS**

<u>QUESTIONS AND ANSWERS ABOUT THE MERGER</u>	1
<u>SUMMARY</u>	3
<u>The Companies</u>	3
<u>Anthem</u>	3
<u>WellPoint</u>	3
<u>Anthem Holding Corp.</u>	3
<u>Reasons for the Merger</u>	3
<u>Recommendations to Shareholders</u>	3
<u>The Merger</u>	4
<u>Merger Consideration</u>	4
<u>Share Information and Comparative Market Prices</u>	4
<u>Material United States Federal Income Tax Consequences of the Merger to</u>	
<u>WellPoint Stockholders</u>	4
<u>Opinion of Anthem's Financial Advisor</u>	4
<u>Opinion of WellPoint's Financial Advisor</u>	5
<u>Anthem Shareholders Do Not Have Dissenters' Rights and WellPoint</u>	
<u>Stockholders Have Dissenters' Rights</u>	5
<u>The Merger Agreement</u>	5
<u>Conditions that Must Be Satisfied or Waived for the Merger to Occur</u>	5
<u>Termination of the Merger Agreement</u>	5
<u>Termination Fees</u>	6
<u>Treatment of WellPoint Stock Options and Restricted Stock</u>	6
<u>WellPoint's Directors and Executive Officers Have Financial Interests in the</u>	
<u>Merger</u>	6
<u>Board After the Merger</u>	7
<u>Executive Officers</u>	7
<u>Regulatory and Other Approvals We Must Obtain for the Merger</u>	7
<u>The Rights of WellPoint Stockholders Will Be Governed by Different Laws</u>	
<u>and New Governing Documents After the Merger</u>	8
<u>Headquarters, Name and Listing of Common Stock of Anthem</u>	8
<u>Accounting Treatment of the Merger by Anthem</u>	8
<u>The Anthem Articles Amendment and Bylaws Amendment</u>	8
<u>Anthem Special Meeting</u>	8
<u>WellPoint Special Meeting</u>	9
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF</u>	
<u>ANTHEM</u>	10
<u>SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF</u>	
<u>WELLPOINT</u>	12
<u>SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL</u>	
<u>INFORMATION</u>	15
<u>COMPARATIVE PER SHARE DATA</u>	16
<u>RECENT DEVELOPMENTS</u>	17
<u>RISK FACTORS</u>	18
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING</u>	
<u>STATEMENTS</u>	27
<u>THE ANTHEM SPECIAL MEETING</u>	29
<u>Matters to be Considered</u>	29
<u>Proxies</u>	29
<u>Solicitation of Proxies</u>	30

Table of Contents

<u>Record Date</u>	30
<u>Voting Rights and Vote Required</u>	31
<u>Recommendation of the Board of Directors</u>	31
<u>Attending the Meeting</u>	32
<u>THE WELLPOINT SPECIAL MEETING</u>	33
<u>Matters to be Considered</u>	33
<u>Proxies</u>	33
<u>Solicitation of Proxies</u>	34
<u>Record Date</u>	34
<u>Voting Rights and Vote Required</u>	34
<u>Recommendation of the Board of Directors</u>	35
<u>Attending the Meeting</u>	35
<u>INFORMATION ABOUT THE COMPANIES</u>	36
<u>REGULATORY AND OTHER APPROVALS REQUIRED FOR THE</u>	
<u>MERGER</u>	38
<u>THE MERGER</u>	41
<u>General</u>	41
<u>Structure</u>	41
<u>Background of the Merger</u>	42
<u>Anthem's Reasons for the Merger: Recommendation of Anthem's Board of Directors</u>	45
<u>WellPoint's Reasons for the Merger: Recommendation of WellPoint's Board of Directors</u>	48
<u>Opinions of Financial Advisors</u>	51
<u>Opinion of Anthem's Financial Advisor - Goldman, Sachs & Co.</u>	51
<u>Opinion of WellPoint's Financial Advisor - Lehman Brothers Inc.</u>	57
<u>Role of Other Financial Advisors</u>	65
<u>Board of Directors and Management of Anthem Following the Merger</u>	65
<u>Articles Amendment</u>	66
<u>Bylaws Amendment</u>	66
<u>Distribution of the Merger Consideration</u>	67
<u>Public Trading Markets</u>	67
<u>Repurchases of Common Stock</u>	68
<u>Anthem Dividends</u>	68
<u>Dissenters' Rights</u>	68
<u>Resales of Anthem Stock by Affiliates</u>	69
<u>Anthem's Directors and Officers Have Financial Interests in the Merger</u>	69
<u>WellPoint's Directors and Officers Have Financial Interests in the Merger</u>	69
<u>Insurance and Indemnification</u>	73
<u>Merger Financing</u>	73
<u>THE MERGER AGREEMENT</u>	75
<u>Terms of the Merger</u>	75
<u>Manner and Basis of Converting Shares; Procedure; No Fractional Shares; Effect on Certificates</u>	75
<u>Closing and Effective Time of the Merger</u>	76
<u>Representations, Warranties, Covenants and Agreements</u>	76
<u>No Solicitation of Alternative Transactions</u>	77
<u>Expenses and Fees</u>	78
<u>Conditions to the Completion of the Merger</u>	79

Table of Contents

<u>Conduct of Business of WellPoint Pending the Merger</u>	81
<u>Conduct of Business of Anthem Pending the Merger</u>	83
<u>Additional Covenants</u>	85
<u>Termination</u>	87
<u>Effect of Termination</u>	88
<u>Termination Fees</u>	88
<u>Treatment of WellPoint Stock Options and Restricted Stock</u>	88
<u>Amendments and Assignment</u>	89
<u>ACCOUNTING TREATMENT</u>	90
<u>MATERIAL UNITED STATES FEDERAL INCOME TAX</u>	
<u>CONSEQUENCES OF THE MERGER</u>	91
<u>DESCRIPTION OF ANTHEM S CAPITAL STOCK</u>	94
<u>Common Stock</u>	94
<u>Preferred Stock</u>	94
<u>Authorized But Unissued Shares</u>	94
<u>Limitations on Ownership of Anthem Common Stock in Its Articles of</u>	
<u>Incorporation</u>	95
<u>Certain Other Provisions of Anthem s Articles of Incorporation and Bylaws</u>	95
<u>Certain Provisions of Indiana Law</u>	96
<u>Transfer Agent and Registrar</u>	98
<u>DESCRIPTION OF ANTHEM S EQUITY SECURITY UNITS</u>	99
<u>The Units</u>	99
<u>The Purchase Contracts</u>	99
<u>The Debentures</u>	99
<u>Remarketing</u>	100
<u>Settlement</u>	100
<u>Listing</u>	101
<u>Accounting Treatment</u>	101
<u>COMPARISON OF SHAREHOLDERS RIGHTS</u>	102
<u>General</u>	102
<u>Comparison of Shareholders Rights</u>	102
<u>Authorized Capital Shares</u>	102
<u>Size of the Board of Directors</u>	102
<u>Nomination of Directors for Election</u>	103
<u>Vacancies of the Board</u>	104
<u>Removal of Directors</u>	105
<u>Anti-Takeover Statutes</u>	105
<u>Anti-Takeover Provisions of Governing Documents</u>	108
<u>Mergers and Share Exchanges</u>	110
<u>Notice of Shareholder Meetings</u>	111
<u>Submission of Shareholder Proposals</u>	111
<u>Rights of Preferred Shareholders</u>	111
<u>Dividends</u>	112
<u>Rights of Dissenting Shareholders</u>	113
<u>Liability of Directors</u>	114
<u>Duties of Directors</u>	114

Table of Contents

<u>Indemnification of Directors and Officers</u>	114
<u>Amendment of Articles of Incorporation or Certificate of Incorporation</u>	115
<u>Amendment and Repeal of Bylaws and Regulations</u>	116
<u>COMPARATIVE MARKET PRICES AND DIVIDENDS</u>	118
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION</u>	119
<u>EXPERTS</u>	127
<u>LEGAL MATTERS</u>	127
<u>OTHER MATTERS</u>	127
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	128
APPENDICES	
<u>APPENDIX A Amended and Restated Agreement and Plan of Merger, effective as of October 26, 2003, among Anthem, Inc., Anthem Holding Corp. and WellPoint Health Networks Inc.</u>	A-1
<u>APPENDIX B Opinion of Goldman, Sachs & Co.</u>	B-1
<u>APPENDIX C Opinion of Lehman Brothers Inc.</u>	C-1
<u>APPENDIX D Section 262 of the Delaware General Corporation Law Appraisal Rights</u>	D-1
<u>TAX OPINION OF BAKER & DANIELS</u>	
<u>TAX OPINION OF SIMPSON THACHER & BARTLETT LLP</u>	
<u>LETTER FROM PRICEWATERHOUSECOOPERS LLP</u>	
<u>CONSENT OF ERNST & YOUNG LLP</u>	
<u>CONSENT OF PRICEWATERHOUSECOOPERS LLP</u>	
<u>FORM OF PROXY CARD OF ANTHEM</u>	
<u>FORM OF PROXY CARD OF WELLPOINT</u>	
<u>CONSENT OF GOLDMAN, SACHS & CO.</u>	
<u>CONSENT OF LEHMAN BROTHERS INC.</u>	

Table of Contents

QUESTIONS AND ANSWERS ABOUT THE MERGER

Q: What will happen in the merger?

A: We are proposing to merge our companies. In most mergers, one company becomes a subsidiary of the other company. In our merger, WellPoint will merge into a wholly owned subsidiary of Anthem. WellPoint stockholders will exchange their shares of common stock for newly issued shares of common stock of Anthem and cash and Anthem shareholders will retain their existing shares. We expect that upon the completion of the merger, about 47% of the outstanding common stock of Anthem will be held by former Anthem shareholders and about 53% of the outstanding common stock of Anthem will be held by former WellPoint stockholders. After the closing of the merger, Anthem will change its name to WellPoint, Inc.

Q: When are the shareholders meetings?

A: Each company's meeting will take place on June 28, 2004. The location of each meeting is specified on the cover page to this document.

Q: What do I need to do now?

A: After you have carefully read this entire document, please vote your shares of either Anthem common stock or WellPoint common stock. You may do this either by completing, signing, dating and mailing the enclosed proxy card or by submitting your proxy by telephone or through the Internet, as explained in this document. This will enable your shares to be represented and voted at the Anthem special meeting or the WellPoint special meeting.

Anthem's board of directors unanimously recommends that Anthem shareholders vote FOR the articles amendment and the issuance of Anthem common stock in the merger.

WellPoint's board of directors unanimously recommends that WellPoint stockholders vote FOR the adoption of the merger agreement.

Q: Why is my vote important?

A: If you do not return your proxy card, submit your proxy by telephone or through the Internet or vote in person at your special meeting, it will be more difficult for Anthem and WellPoint to obtain the necessary quorum to hold their special meetings. In addition, if you are an Anthem shareholder, your failure to vote will have the result of reducing the aggregate number of shares voting and the number of affirmative votes required to approve the articles amendment and the issuance of Anthem common stock in the merger. If you are a WellPoint stockholder, your failure to vote will have the same effect as a vote against the adoption of the merger agreement.

Q: If my shares are held in street name by my broker, will my broker automatically vote my shares for me?

A: No. Your broker will not be able to vote your shares without instructions from you. You should instruct your broker to vote your shares, and you should follow the directions your broker provides. Please check the voting form used by your broker to see if it offers telephone or Internet voting.

Q: What if I fail to instruct my broker?

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the respective special meeting, but it will otherwise have the consequences set forth above under *Why is my vote important?*

Q: Can I attend the special meeting and vote my shares in person?

A: Yes. Holders of record of Anthem and WellPoint common stock are invited to attend their respective special meetings and to vote in person at their meetings. If a broker holds your shares, then you are not a record holder and you must ask your broker how you can vote in person at the special meeting.

Q: Can I change my vote?

A: Yes. If you have not voted through your broker, there are three ways you can change your proxy instructions after you have submitted your

1

Table of Contents

proxy card, or submitted your proxy by telephone or through the Internet.

First, you may send a written notice revoking your proxy to the person to whom you submitted your proxy.

Second, you may complete and submit a new proxy card or submit a new proxy by telephone or through the Internet. The latest proxy actually received from an Anthem shareholder or a WellPoint stockholder before the meeting will be counted, and any earlier proxy will automatically be revoked.

Third, you may attend the Anthem special meeting or the WellPoint special meeting and vote in person. Any earlier proxy will thereby be automatically revoked. However, simply attending the meeting without voting will **not** revoke your proxy.

If you have instructed a broker to vote your shares, you must follow directions you receive from your broker in order to change or revoke your vote.

Q: If I am a WellPoint stockholder, should I send in my stock certificates now?

A: No. You should not send in your stock certificates at this time. WellPoint stockholders will need to exchange their WellPoint stock certificates for cash and shares of Anthem common stock after we complete the merger. We will send you instructions for exchanging WellPoint stock certificates at that time.

Q: If I am an Anthem shareholder, should I send in my stock certificate now?

A: No. Anthem shareholders do not need to exchange their stock certificates as a result of the merger or the change of Anthem's name.

Q: When do you expect to complete the merger?

A: We expect to complete the merger in mid-2004. However, we cannot assure you when or if the merger will occur. We must first obtain the approvals of our shareholders and stockholders at the special meetings and the remaining necessary regulatory approvals, as well as satisfy other closing conditions contained in the merger agreement.

Q: What are the tax consequences of the merger to me?

A: Your tax consequences will depend on your basis in WellPoint common stock. For more detail, see MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER on page 91.

Q: Whom should I call with questions?

A: Anthem shareholders and WellPoint stockholders with any questions about the merger and related transactions should call Georgeson Shareholder Communications, Inc. toll-free at (866) 468-0444.

Table of Contents

SUMMARY

This summary highlights selected information from this document. It does not contain all of the information that may be important to you. We urge you to read carefully the entire document and the other documents to which this document refers you in order to fully understand the merger and the related transactions. See WHERE YOU CAN FIND MORE INFORMATION on page 128. Each item in this summary refers to the page of this document on which that subject is discussed in more detail.

The Companies (page 36)

Anthem

120 Monument Circle
Indianapolis, Indiana 46204
(317) 488-6000

Anthem, Inc. (Anthem) is one of the nation's largest publicly traded health benefits companies, serving more than 12.5 million members or customers as of March 31, 2004, primarily in Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Maine, Colorado, Nevada and Virginia, excluding the immediate suburbs of Washington, D.C. Anthem owns the exclusive right to market its products and services using the Blue Cross® and Blue Shield® names and marks in all nine states under license agreements with the Blue Cross Blue Shield Association, an association of independent Blue Cross and Blue Shield plans. Anthem seeks to be a leader in the health benefits industry by offering a broad selection of flexible and competitively priced health benefits products.

WellPoint

1 WellPoint Way
Thousand Oaks, California 91362
(818) 234-4000

WellPoint Health Networks Inc. (WellPoint) is one of the nation's largest publicly traded managed health care companies, serving approximately 15.4 million medical and approximately 45.9 million specialty members as of March 31, 2004 through Blue Cross of California, Blue Cross Blue Shield of Georgia, Blue Cross Blue Shield of Missouri, Blue Cross Blue Shield of Wisconsin, UNICARE and HealthLink. Through its subsidiaries, WellPoint offers a broad spectrum of network-based managed care plans including PPOs, HMOs, POS plans and other hybrid plans and traditional indemnity plans. Specialty products include pharmacy benefits management, dental, vision, life insurance, preventive care, disability insurance, behavioral health, COBRA and flexible benefits account administration.

Anthem Holding Corp.

Anthem Holding Corp. is an Indiana corporation and a direct wholly owned subsidiary of Anthem. Anthem Holding Corp. was formed exclusively for the purpose of completing the merger.

Reasons for the Merger (page 45 and page 48)

Our companies are proposing to merge because, among other things, we believe that:

by combining them we can create a stronger company that can provide significant benefits to our shareholders and customers alike;

both companies have a common strategic focus on delivering the highest value to customers and, working together, we expect to expand future opportunities and capture new efficiencies; and

the merger will strengthen the combined company's position as a competitor in the health benefits industry by allowing us opportunities to create innovative products at lower prices than we can accomplish separately.

Recommendations to Shareholders (page 45 and page 48)

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The Anthem board of directors has unanimously approved the articles amendment and the merger agreement and unanimously recommends that Anthem's shareholders vote **FOR** the articles amendment and the issuance of Anthem common stock in the merger.

The WellPoint board of directors has unanimously determined that the terms of the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of WellPoint and its stockholders and unanimously recommends that WellPoint stockholders vote **FOR** the adoption of the merger agreement.

Table of Contents**The Merger (page 41)**

We are proposing a merger of WellPoint with and into Anthem Holding Corp., with Anthem Holding Corp. as the surviving entity in the merger. After the merger is completed, the surviving entity will be a wholly owned subsidiary of Anthem.

Merger Consideration (page 41)

As a result of the merger, each WellPoint stockholder will have the right to receive \$23.80 in cash, without interest, and one share of Anthem common stock for each share of WellPoint common stock held. Upon the completion of the merger, we expect that Anthem shareholders will own approximately 47% of Anthem and WellPoint stockholders will own approximately 53% of Anthem. Anthem will not issue any fractional shares. In lieu of fractional shares, WellPoint stockholders will receive an amount in cash equal to the value of any fractional shares that would have been issued, which value will be based on the closing price of Anthem common stock on the trading day on which the merger is completed.

For example: If you hold 100 shares of WellPoint common stock, you will receive \$2,380.00 in cash plus 100 shares of Anthem common stock.

Share Information and Comparative Market Prices (page 16 and page 118)

Anthem common stock is listed on the New York Stock Exchange under the symbol ATH. WellPoint common stock is listed on the New York Stock Exchange under the symbol WLP. The following table sets forth the closing sale prices of Anthem common stock and WellPoint common stock as reported on the New York Stock Exchange on October 24, 2003, the last trading day before we announced the merger, and on May 10, 2004, the last practicable trading day before the distribution of this document. This table also shows the implied value of one share of WellPoint common stock, which we calculated by adding the closing price of Anthem common stock on those dates and \$23.80.

	Anthem Common Stock	WellPoint Common Stock	Implied Value of One Share of WellPoint Common Stock
October 24, 2003	\$77.26	\$ 83.93	\$ 101.06
May 10, 2004	\$85.99	\$ 109.50	\$ 109.79

The market prices of both Anthem common stock and WellPoint common stock will fluctuate prior to the merger. Therefore, you should obtain current market quotations for Anthem common stock and WellPoint common stock.

Material United States Federal Income Tax Consequences of the Merger to WellPoint Stockholders (page 91)

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any cash received as part of the merger consideration. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes. For a more complete discussion of the United States federal income tax consequences of the merger, see MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER on page 91.

Tax matters can be complicated and the tax consequences of the merger to WellPoint stockholders will depend on each stockholder's particular tax situation. WellPoint stockholders should consult their tax advisors to fully understand the tax consequences of the merger to them.

Opinion of Anthem's Financial Advisor (page 51)

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Goldman, Sachs & Co. delivered its opinion to Anthem's board of directors to the effect that, as of October 26, 2003, and based upon and subject to the factors and assumptions set forth therein and based upon other matters that Goldman, Sachs & Co. considers relevant, the \$23.80 in cash and one share of Anthem common stock to be paid for each outstanding share of WellPoint common stock pursuant to the merger agreement is fair, from a financial point of view, to Anthem.

The full text of the written opinion of Goldman, Sachs & Co., dated October 26, 2003, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B to this document. Goldman, Sachs & Co. provided its opinion for the information and assistance of Anthem's board of directors in connection with its consideration of the

Table of Contents

merger. **The Goldman, Sachs & Co. opinion is not a recommendation as to how any holder of Anthem common stock should vote.** Anthem's shareholders are urged to read the opinion in its entirety.

Opinion of WellPoint's Financial Advisor (page 57)

Lehman Brothers Inc. delivered its written opinion to WellPoint's board of directors to the effect that, as of October 26, 2003, and based upon and subject to the factors and assumptions set forth therein, the \$23.80 in cash and one share of Anthem common stock to be paid for each outstanding share of WellPoint common stock (other than certain shares, such as shares held by subsidiaries of WellPoint) is fair, from a financial point of view, to WellPoint stockholders.

The full text of the written opinion of Lehman Brothers, dated October 26, 2003, which discusses the assumptions made, procedures followed, factors considered and limitations upon the review undertaken by Lehman Brothers in rendering its opinion, is attached as Appendix C to this proxy statement/prospectus. Lehman Brothers provided its opinion for the information and assistance of WellPoint's board of directors in connection with its consideration of the transaction. Lehman Brothers' opinion is not intended to be and does not constitute a recommendation to any holder of WellPoint common stock as to how such holder should vote in connection with the merger. WellPoint's stockholders are urged to read the opinion in its entirety.

Anthem Shareholders Do Not Have Dissenters' Rights and WellPoint Stockholders Have Dissenters' Rights (page 68)

Anthem is incorporated in Indiana; WellPoint is incorporated in Delaware. Under Indiana law, Anthem shareholders do not have any right to a court determination of the fair value of their shares of Anthem common stock in connection with the merger. Under Delaware law, WellPoint stockholders have the right to a court determination of the fair value of their shares of common stock in connection with the merger.

The Merger Agreement (page 75)

The merger agreement is attached as Appendix A to this document. We urge you to read the entire merger agreement because it is the legal document governing the merger.

Conditions that Must Be Satisfied or Waived for the Merger to Occur (page 79)

As more fully described in this document and the merger agreement, the completion of the merger depends on a number of conditions being satisfied or waived, including receipt of shareholder and other approvals and tax opinions.

Although we expect to complete the merger in mid-2004, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

Termination of the Merger Agreement (page 87)

We may mutually agree to terminate the merger agreement before completing the merger, even after approval by Anthem shareholders of the articles amendment and the issuance of Anthem common stock and the adoption by WellPoint stockholders of the merger agreement. Each of us may also terminate the merger agreement if Anthem's shareholders do not approve the articles amendment or the issuance of Anthem common stock in the merger, or if WellPoint's stockholders do not adopt the merger or if a final injunction is issued against the merger.

Also, either of us may decide to terminate the merger agreement, even after the requisite shareholder approvals and stockholder adoption, as the case may be, have been received, if the merger has not been completed by November 30, 2004, or, generally, if the closing conditions in the merger agreement, such as obtaining the necessary regulatory approvals, have become incapable of satisfaction or the other party has materially breached the merger agreement and the breach has not been cured or is incapable of being cured.

In addition, Anthem may terminate the merger agreement under the circumstances described in the merger agreement if WellPoint's board of directors withdraws, amends or modifies its recommendation of the merger in a manner adverse to Anthem or adopts or recommends a business

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combination transaction with a person other than Anthem. WellPoint may terminate the merger agreement under the circumstances described in the merger agreement if Anthem's board of directors withdraws, amends or modifies its recommendation of the merger in a manner adverse to WellPoint.

Table of Contents

Termination Fees (page 88)

We have agreed that, under specific circumstances described in the merger agreement, WellPoint will be obligated to pay Anthem a termination fee of \$550 million. These circumstances include WellPoint's board of directors withdrawing, amending or modifying its recommendation of the merger in a manner adverse to Anthem as well as circumstances involving a proposed third-party business combination transaction with WellPoint if:

the WellPoint board of directors approves or recommends the business combination transaction with the third party;

WellPoint stockholders do not adopt the merger agreement and WellPoint enters into a third-party business combination transaction within 12 months of termination of the merger agreement; or

WellPoint materially breaches its agreement to, among other things, use its reasonable best efforts to obtain its stockholders' adoption of the merger agreement, recommend the merger, not exempt third parties from the threshold restrictions on WellPoint stock ownership and not solicit a business combination with a third party, and WellPoint enters into a third-party business combination transaction within 12 months of termination of the merger agreement.

We have also agreed that, under specific circumstances described in the merger agreement, Anthem will be obligated to pay WellPoint a termination fee of \$550 million. These circumstances include Anthem's board of directors withdrawing, amending or modifying its recommendation of the merger in a manner adverse to WellPoint as well as circumstances involving a proposed third-party business combination transaction with Anthem if:

Anthem shareholders do not approve the stock issuance and the articles amendment, and Anthem enters into a third-party business combination transaction within 12 months of termination of the merger agreement; or

Anthem materially breaches its agreement to, among other things, use its reasonable best efforts to obtain its shareholders' approval of the stock issuance and the articles amendment, not exempt third parties from the threshold restrictions on Anthem stock ownership and not solicit a business combination transaction with a third party, and Anthem enters into a third-party business combination transaction within 12 months of termination of the merger agreement.

Treatment of WellPoint Stock Options and Restricted Stock (page 88)

At the completion of the merger, each outstanding WellPoint employee and director stock option, whether vested or unvested, will be automatically converted into an option to purchase Anthem common stock.

The number of shares of Anthem common stock underlying the new Anthem option will equal the number of shares of WellPoint common stock for which the corresponding WellPoint option was exercisable, multiplied by the option exchange ratio, with any fractional share that results being rounded to the nearest whole share. The per share exercise price of each new Anthem option will equal the exercise price of the corresponding WellPoint option divided by the option exchange ratio rounded to the nearest whole cent. The option exchange ratio is equal to the sum of 1 plus a fraction, the numerator of which is \$23.80 and the denominator of which is the closing trading price of Anthem common stock on the business day prior to the completion of the merger. For pro forma purposes, we are using an option exchange ratio of 1.269 based on Anthem's April 30, 2004 closing price. All other terms of WellPoint options will remain unchanged after the conversion.

Each share of outstanding WellPoint restricted common stock held by employees or directors will be treated the same as shares of WellPoint common stock outstanding, except as discussed under "Treatment of WellPoint Stock Options and Restricted Stock" on page 88.

WellPoint's Directors and Executive Officers Have Financial Interests in the Merger (page 69)

WellPoint's directors and executive officers have interests in the merger as individuals that are in addition to, and that may be different from, their interests as WellPoint stockholders. Each of the Anthem board of directors and the WellPoint board of directors was aware of these interests of WellPoint directors and executive officers and considered them in its respective decision to approve and adopt the merger agreement.

Table of Contents

These interests include:

An employment agreement with WellPoint's Chief Executive Officer and a severance plan covering certain officers of WellPoint and its subsidiaries that provide these officers with various severance benefits if their employment is terminated following the merger;

Certain cash payments upon the completion of the merger and, if employment continues through specified periods following the merger, cash payments after the merger under the employment agreement with WellPoint's Chief Executive Officer and the severance plan covering certain officers of WellPoint and its subsidiaries;

Acceleration and vesting of options and restricted stock for executive officers of WellPoint if the executive officer terminates employment under certain circumstances after the merger; and

The right to continued indemnification and insurance coverage by the combined company for events occurring prior to or at the time of the merger.

In addition, eight members of WellPoint's board of directors will become members of Anthem's board of directors upon completion of the merger, and Leonard D. Schaeffer, the Chairman and Chief Executive Officer of WellPoint, will become Chairman of the board of directors of Anthem. Roger E. Birk, a WellPoint director since 1993, has indicated that he will retire from the WellPoint board effective upon completion of the merger.

Board After the Merger (page 65)

After the merger, the board of directors of Anthem will have 19 members, consisting of 11 current members of Anthem's board of directors designated by Anthem (including Larry C. Glasscock) and eight current members of WellPoint's board of directors designated by WellPoint (including Leonard D. Schaeffer).

Executive Officers (page 66)

After the merger, Leonard D. Schaeffer of WellPoint will be Chairman of the board of directors of Anthem and Larry C. Glasscock of Anthem will be the President and Chief Executive Officer and a director of Anthem. By the second anniversary of the completion of the merger, Leonard D. Schaeffer will retire as Chairman and as a director of Anthem and Larry C. Glasscock will succeed him as Chairman.

Certain executive officers of WellPoint will hold positions with Anthem after the merger.

Regulatory and Other Approvals We Must Obtain for the Merger (page 38)

WellPoint has insurance company or HMO subsidiaries that are organized under the laws of California, Delaware, Georgia, Illinois, Missouri, Oklahoma, Puerto Rico, Texas, Virginia, West Virginia and Wisconsin. Pursuant to applicable insurance and HMO laws and regulations, and before the merger may be consummated, the insurance commissioner and, where applicable, HMO regulator, in each of these jurisdictions must review and approve the acquisition of control of the insurance company or HMO subsidiary domiciled in its respective jurisdiction. Anthem and WellPoint have made appropriate filings and applications with these insurance and HMO regulators, as specified by the applicable insurance and HMO laws and regulations. As of the date of this proxy statement/prospectus, approvals have been received from the regulators in Delaware, Illinois, Missouri, Oklahoma, Puerto Rico, Texas, Virginia, West Virginia and Wisconsin. Approvals remain pending before the regulators in California and Georgia.

In addition to the filings with and approvals from the domiciliary insurance and HMO regulators, pre-acquisition notifications of the merger under state insurance antitrust laws and regulations are required in certain states in which insurance company or HMO subsidiaries of both Anthem and WellPoint operate. All such filings have been made.

Additionally, the Blue Cross Blue Shield Association must approve the transfer to Anthem of WellPoint's licenses to use the Blue Cross and Blue Shield names and marks in WellPoint's geographical territories. Anthem and WellPoint submitted a joint application requesting that, in connection with the completion of the merger, the Blue Cross Blue Shield Association grant to Anthem the licenses for the WellPoint territory. On March 18, 2004, the Board of Directors of the Blue Cross Blue Shield Association unanimously approved the application and the transfer to Anthem of WellPoint's licenses.

Table of Contents

Furthermore, the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, and the rules and regulations thereunder provide that the merger may not be completed until premerger notification filings have been made with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, and the specified waiting period thereunder has expired or is terminated. Even after the waiting period expires or is terminated, the Department of Justice and the Federal Trade Commission will have the authority to challenge the merger on antitrust grounds before or after the merger is completed. In January 2004, each of Anthem and WellPoint filed a notification and report form for the merger with the Federal Trade Commission and the Department of Justice.

On February 26, 2004, the federal antitrust agencies granted an early termination of the waiting period under the HSR Act in connection with the proposed transaction. On that day, the federal antitrust agencies also granted an early termination of the HSR waiting period with respect to the HSR notification of Mr. Leonard D. Schaeffer in which he reported the anticipated number of shares of Anthem voting securities he would acquire upon completion of the merger. On March 9, 2004, the Department of Justice issued a statement announcing the closing of its investigation in connection with the proposed transaction.

Although we do not know of any reason why we cannot obtain the remaining approvals in a timely manner, we cannot be certain when or if we will obtain them, or what conditions may be imposed by any other regulatory authority as a condition to granting its approval.

The Rights of WellPoint Stockholders Will Be Governed by Different Laws and New Governing Documents After the Merger (page 102)

Anthem is incorporated in Indiana; WellPoint is incorporated in Delaware. Indiana and Delaware law differ, as do the rights of shareholders and stockholders, as applicable, under the organizational documents of Anthem and WellPoint. Accordingly, the rights of WellPoint stockholders may change materially as a result of the completion of the merger and the WellPoint stockholders becoming Anthem shareholders.

Headquarters, Name and Listing of Common Stock of Anthem (page 41 and page 67)

We agreed that Anthem will have its corporate headquarters and principal executive offices in Indianapolis, Indiana. We also agreed that Anthem's name would be changed to WellPoint, Inc. In addition, we have agreed to file an application to have the common stock of Anthem listed on the New York Stock Exchange under the ticker symbol WLP.

Accounting Treatment of the Merger by Anthem (page 90)

Anthem will account for the merger as a purchase for financial reporting purposes.

The Anthem Articles Amendment and Bylaws Amendment (page 66)

Anthem shareholders are being asked to approve an amendment to the Anthem articles of incorporation that would change the name of Anthem to WellPoint, Inc. A form of the articles amendment is attached as Exhibit A to the merger agreement.

Pursuant to the merger agreement, Anthem has approved, subject to the completion of the merger, an amendment to its bylaws that implements various governance arrangements consistent with the merger structure. A form of the bylaws amendment is attached as Exhibit B to the merger agreement.

Anthem Special Meeting (page 29)

Meeting. The Anthem special meeting will be held on June 28, 2004, at 11:00 a.m., local time, at the headquarters of Anthem, 120 Monument Circle, Indianapolis, Indiana 46204. At the Anthem special meeting, Anthem shareholders will be asked:

1. to approve the issuance of shares of Anthem common stock in the merger;

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2. to approve the articles amendment of Anthem that would change Anthem's name to WellPoint, Inc.
3. to act on such other matters as may be properly brought before the Anthem special meeting.

Record Date. Anthem shareholders may cast one vote at the Anthem special meeting for each

Table of Contents

share of Anthem common stock that they owned at the close of business on May 10, 2004. On that date, there were 138,661,566 shares of Anthem common stock entitled to vote at the special meeting.

Required Vote. In order to approve the issuance of Anthem common stock in the merger, the total number of votes cast at the Anthem special meeting must represent over 50% of all Anthem common stock entitled to vote and a majority of the shares voting at the Anthem special meeting must vote in favor of the issuance. To approve the articles amendment, the total number of votes cast at the Anthem special meeting must represent over 25% of all Anthem common stock entitled to vote and a greater number of votes cast at the Anthem special meeting by the holders of Anthem common stock must be in favor of the amendment than against it.

An Anthem shareholder's failure to vote, a broker non-vote or an abstention will not constitute a vote for or against the approval of the articles amendment or the issuance of Anthem common stock in the merger, but will reduce the aggregate number of shares voting at the Anthem special meeting and the number of shares of Anthem common stock required to approve the issuance of shares of Anthem common stock in the merger or the articles amendment.

As of the Anthem record date, directors and executive officers of Anthem and their affiliates beneficially owned or had the right to vote 916,465 shares of Anthem common stock, or less than 1% of the outstanding Anthem common stock entitled to be voted at the special meeting. At that date, directors and executive officers of WellPoint and their affiliates, including WellPoint, beneficially owned or had the right to vote approximately 1,114,031 shares of Anthem common stock entitled to be voted at the meeting, or less than 1% of the outstanding Anthem common stock. To Anthem's knowledge, directors and executive officers of Anthem and their affiliates intend to vote their Anthem common stock in favor of the articles amendment and the issuance of Anthem common stock in the merger.

WellPoint Special Meeting (page 33)

Meeting. The WellPoint special meeting will be held at the Hyatt Westlake Plaza, 880 South Westlake Boulevard, Westlake Village, California 91361, at 9:00 a.m., local time, on June 28, 2004. At the WellPoint special meeting, the WellPoint stockholders will be asked:

1. to adopt the merger agreement; and
2. to act on such other matters as may be properly brought before the WellPoint special meeting.

Record Date. WellPoint stockholders may cast one vote at the WellPoint special meeting for each share of WellPoint common stock they owned at the close of business on May 10, 2004, the WellPoint record date. On that date, there were 158,355,635 shares of WellPoint common stock entitled to vote at the special meeting.

Required Vote. To adopt the merger agreement, a majority of the holders of the outstanding shares of WellPoint common stock entitled to vote must be voted in favor of the adoption of the merger agreement. Accordingly, a WellPoint stockholder's failure to vote, a broker non-vote or an abstention will have the same effect as a vote against adoption of the merger agreement.

As of the WellPoint record date, directors and executive officers of WellPoint and their affiliates beneficially owned or had the right to vote 1,510,172 shares of WellPoint common stock, or less than 1% of the outstanding WellPoint common stock entitled to vote at the special meeting. On that date, directors and executive officers of Anthem and their affiliates, including Anthem, beneficially owned or had the right to vote 100 shares of WellPoint common stock entitled to vote at the meeting, or less than 1% of the outstanding WellPoint common stock. To WellPoint's knowledge, directors and executive officers of WellPoint and their affiliates intend to vote their common stock in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF ANTHEM**

The following table summarizes financial information for Anthem. Anthem prepared this information using its unaudited consolidated financial statements for the three-month periods ended March 31, 2004 and 2003, and its audited consolidated financial statements for each of the years in the five-year period ended December 31, 2003, which have been audited by Ernst & Young LLP. You should read this information in conjunction with Anthem's unaudited and audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Anthem's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004, and Annual Report on Form 10-K for the year ended December 31, 2003, each of which is incorporated herein by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page 128. In Anthem's opinion, the selected financial data for the three-month periods ended March 31, 2004 and 2003, include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of that data. The selected consolidated financial data do not necessarily indicate the results to be expected in the future.

	As of and for the Three Months Ended March 31		As of and for the Year Ended December 31				
	2004	2003	2003	2002 ⁽¹⁾	2001	2000 ⁽¹⁾	1999 ^{(1),(2)}
(\$ in millions, except per share data)							
Income Statement Data							
Total operating revenue ⁽³⁾	\$ 4,467.9	\$ 4,015.9	\$ 16,477.1	\$ 12,990.5	\$ 10,120.3	\$ 8,543.5	\$ 6,080.6
Total revenue	4,574.1	4,100.3	16,771.4	13,282.3	10,444.7	8,771.0	6,270.1
Income from continuing operations	295.6	191.7	774.3	549.1	342.2	226.0	50.9
Net income	295.6	191.7	774.3	549.1	342.2	226.0	44.9
Per Share Data⁽⁴⁾							
Basic income from continuing operations	\$ 2.14	\$ 1.38	\$ 5.60	\$ 4.61	\$ 3.31	\$ 2.19	\$ 0.49
Diluted income from continuing operations	2.08	1.36	5.45	4.51	3.30	2.18	0.49
Other Data (unaudited)							
Benefit expense ratio ⁽⁵⁾	82.1%	82.2%	80.8%	82.4%	84.5%	84.7%	84.6%
Administrative expense ratio ⁽⁵⁾	17.4%	17.8%	18.9%	19.3%	19.6%	21.2%	24.2%
Income before income taxes and minority interest as a percentage of total revenue	8.6%	7.4%	7.3%	6.1%	5.0%	3.8%	1.0%
Members (000s)⁽⁶⁾							
Midwest	5,981	5,498	5,688	5,234	4,854	4,454	4,253
East	2,653	2,582	2,600	2,434	2,260	2,093	1,397
West	1,108	889	939	836	769	595	486
Southeast	2,777	2,567	2,700	2,549			
Total	12,519	11,536	11,927	11,053	7,883	7,142	6,136
Balance Sheet Data							
Cash and investments	\$ 7,863.0	\$ 6,858.0	\$ 7,379.7	\$ 6,643.0	\$ 4,478.2	\$ 3,714.6	\$ 2,972.4
Total assets ⁽⁷⁾	13,929.9	12,650.3	13,438.6	12,439.3	6,337.1	5,708.5	4,816.2
Long-term debt	1,663.7	1,660.3	1,662.8	1,659.4	818.0	597.5	522.0
Total liabilities ⁽⁷⁾	7,574.4	7,174.3	7,438.7	7,077.0	4,277.1	3,788.7	3,155.3
Total shareholders equity ⁽⁸⁾	6,355.5	5,476.0	5,999.9	5,362.3	2,060.0	1,919.8	1,660.9

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- (1) The net assets and results of operations for Blue Cross Blue Shield of New Hampshire, Blue Cross and Blue Shield of Colorado and Blue Cross and Blue Shield of Nevada, Blue Cross and Blue Shield of Maine,

10

Table of Contents

and Trigon Healthcare, Inc. are included from their respective acquisition dates of October 27, 1999, November 16, 1999, June 5, 2000, and July 31, 2002.

- (2) Income from continuing operations and net income for 1999 includes contributions totaling \$114.1 million (\$71.8 million, net of tax) to non-profit foundations in the states of Kentucky, Ohio and Connecticut to settle charitable asset claims.
- (3) Operating revenue is obtained by adding premiums, administrative fees and other revenue.
- (4) There were no shares or dilutive securities outstanding prior to November 2, 2001 (date of Anthem's demutualization and initial public offering). Accordingly, amounts prior to 2002 represent pro forma earnings per share. For comparative pro forma earnings per share presentation, the weighted average shares outstanding and the effect of dilutive securities for the period from November 2, 2001, to December 31, 2001, was used to calculate pro forma earnings per share for all periods prior to 2002.
- (5) The benefit expense ratio represents benefit expenses as a percentage of premium revenue. The administrative expense ratio represents administrative expense as a percentage of total operating revenue.
- (6) Excludes TRICARE members of 128,000 and 129,000 at December 31, 2000 and 1999, respectively. The TRICARE operations were sold on May 31, 2001.
- (7) Certain prior year amounts have been reclassified to conform to current-year presentation.
- (8) Represents policyholders' surplus prior to Anthem's demutualization on November 2, 2001.

Table of Contents**SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF WELLPOINT**

The following table summarizes financial information for WellPoint. WellPoint prepared this information using its unaudited consolidated financial statements for the three-month periods ended March 31, 2004 and 2003 and its audited consolidated financial statements for each of the years in the five-year period ended December 31, 2003, which have been audited by PricewaterhouseCoopers LLP. You should read this information in conjunction with WellPoint's unaudited and audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in WellPoint's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 and Annual Report on Form 10-K for the year ended December 31, 2003, as amended by Amendment No. 1 on Form 10-K/A, each of which is incorporated herein by reference. See WHERE YOU CAN FIND MORE INFORMATION on page 128. In WellPoint's opinion, the selected financial data for the three-month periods ended March 31, 2004 and 2003 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair presentation of that data. The selected consolidated financial data do not necessarily indicate the results to be expected in the future.

	As of and for the Three Months Ended March 31		As of and for the Year Ended December 31				
	2004	2003	2003	2002	2001	2000	1999
(\$ in millions, except per share data)							
Consolidated Income Statements⁽¹⁾							
Revenues:							
Premium revenue	\$5,256.3	\$4,548.4	\$19,156.7	\$16,206.2	\$11,577.1	\$8,583.7	\$6,896.9
Management services and other revenue	306.2	226.2	944.8	818.4	609.7	451.8	429.3
Investment income	83.6	66.3	258.2	314.0	241.8	193.5	159.2
	<u>5,646.1</u>	<u>4,840.9</u>	<u>20,359.7</u>	<u>17,338.6</u>	<u>12,428.6</u>	<u>9,229.0</u>	<u>7,485.4</u>
Operating expenses:							
Health care services and other benefits	4,187.4	3,717.5	15,428.8	13,211.1	9,436.3	6,935.4	5,533.1
Selling expense	217.1	192.0	807.6	681.8	502.6	394.2	328.6
General and administrative expense	725.7	589.7	2,477.7	2,166.7	1,666.6	1,265.2	1,075.4
	<u>5,130.2</u>	<u>4,499.2</u>	<u>18,714.1</u>	<u>16,059.6</u>	<u>11,605.5</u>	<u>8,594.8</u>	<u>6,937.1</u>
Operating income	515.9	341.7	1,645.6	1,279.0	823.1	634.2	548.3
Interest expense ⁽²⁾	12.2	12.8	50.6	66.8	49.9	24.0	17.1
Other expense, net	11.7	7.0	36.2	55.1	74.7	45.9	40.8
	<u>492.0</u>	<u>321.9</u>	<u>1,558.8</u>	<u>1,157.1</u>	<u>698.5</u>	<u>564.3</u>	<u>490.4</u>
Income before provision for income taxes, extraordinary item and cumulative effect of accounting change	492.0	321.9	1,558.8	1,157.1	698.5	564.3	490.4
Provision for income taxes	196.8	128.8	623.6	462.9	283.8	222.0	191.3
	<u>295.2</u>	<u>193.1</u>	<u>935.2</u>	<u>694.2</u>	<u>414.7</u>	<u>342.3</u>	<u>299.1</u>
Income before extraordinary item and cumulative effect of accounting change	295.2	193.1	935.2	694.2	414.7	342.3	299.1
Extraordinary gain from negative goodwill on acquisition				8.9			
Cumulative effect of accounting change, net of tax							(20.6)

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Net income	\$ 295.2	\$ 193.1	\$ 935.2	\$ 703.1	\$ 414.7	\$ 342.3	\$ 278.5
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Table of Contents

	As of and for the Three Months Ended March 31		As of and for the Year Ended December 31				
	2004	2003	2003	2002	2001	2000	1999
(\$ in millions, except per share data)							
Per Share Data⁽³⁾							
Income before extraordinary item and cumulative effect of accounting change ⁽²⁾ :							
Earnings per share	\$ 1.92	\$ 1.33	\$ 6.34	\$ 4.81	\$ 3.27	\$ 2.74	\$ 2.27
Earnings per share assuming full dilution	\$ 1.85	\$ 1.29	\$ 6.16	\$ 4.61	\$ 3.15	\$ 2.64	\$ 2.20
Extraordinary gain:							
Earnings per share	\$	\$	\$	\$ 0.06	\$	\$	\$
Earnings per share assuming full dilution	\$	\$	\$	\$ 0.06	\$	\$	\$
Cumulative effect of accounting change:							
Loss per share	\$	\$	\$	\$	\$	\$	\$ (0.16)
Loss per share assuming full dilution	\$	\$	\$	\$	\$	\$	\$ (0.15)
Net income:							
Earnings per share	\$ 1.92	\$ 1.33	\$ 6.34	\$ 4.87	\$ 3.27	\$ 2.74	\$ 2.11
Earnings per share assuming full dilution	\$ 1.85	\$ 1.29	\$ 6.16	\$ 4.67	\$ 3.15	\$ 2.64	\$ 2.05
Operating Statistics⁽⁴⁾							
Medical care ratio	79.7%	81.7%	80.5%	81.5%	81.5%	80.8%	80.2%
Selling expense ratio	3.9%	4.0%	4.0%	4.0%	4.1%	4.4%	4.5%
General and administrative expense ratio	13.0%	12.4%	12.3%	12.7%	13.7%	14.0%	14.7%
Net income ratio	5.3%	4.0%	4.7%	4.1%	3.4%	3.8%	3.8%
Medical Membership (in thousands) ⁽⁵⁾⁽⁶⁾	15,376.8	14,199.7	15,011.3	13,810.6	10,908.3	8,200.9	7,515.0
Balance Sheet Data							
Cash and investments ⁽⁷⁾	\$ 8,850.3	\$ 7,026.8	\$ 7,918.9	\$ 6,575.3	\$ 4,986.1	\$ 3,780.1	\$ 3,258.7
Total assets ⁽⁷⁾	15,957.1	12,053.5	14,788.7	11,470.6	7,590.3	5,597.1	4,639.2
Long-term debt	1,238.9	1,163.6	1,238.3	1,011.6	838.0	400.9	347.9
Total equity ⁽⁸⁾	5,948.2	4,018.6	5,429.9	3,976.7	2,132.6	1,644.4	1,312.7

(1) WellPoint's consolidated results of operations for the periods presented above include the results of several acquisitions.

(2) In April 2002, the FASB issued Statement of Financial Accounting Standards No. 145, *Rescission of FASB Statements Nos. 4, 44 and 64, Amendment of FASB Statement No. 13, and Technical Corrections*. With the rescission of FASB Statement No. 4, gains and losses from the extinguishment of debt should be classified as extraordinary items only if they meet the criteria in APB Opinion No. 30. In applying the provisions of APB Opinion No. 30, WellPoint had determined that the extinguishment of debt under its Zero Coupon Convertible Subordinated Debentures did not meet the requirements of unusual or infrequent and therefore would not be included as an extraordinary item with the rescission of FASB Statement No. 4. For the years ended December 31, 2002 and 1999, WellPoint reclassified an extraordinary loss of \$6.3 million, which included a tax benefit of \$2.5 million, and an extraordinary gain of \$3.1 million, which included a tax expense of \$1.2 million, respectively, to interest expense. For the years ended December 31, 2002 and 1999, the impact to Earnings Per Share on Income before extraordinary item and cumulative effect of accounting change was a loss of \$0.03 and a gain of \$0.02, respectively, and on a diluted basis, a loss of \$0.03 and a gain of \$0.01, respectively.

Table of Contents

- (3) Per share data for the years ended December 31, 2001, 2000 and 1999 have been adjusted to reflect the two-for-one stock split in the form of a 100% stock dividend that occurred on March 15, 2002.
- (4) The medical care ratio represents health care services and other benefits as a percentage of premium revenue. All other ratios are shown as a percentage of premium revenue and management services and other revenue combined.
- (5) Membership numbers are approximate and include some estimates based upon the number of contracts at the relevant date and an actuarial estimate of the number of members represented by each contract. Membership numbers as of December 31, 2001, 2000, and 1999 have been adjusted to include members from two WellPoint-owned or WellPoint-controlled rental networks as well as WellPoint's proportionate share of members associated with a joint venture providing Medicaid services in Puerto Rico. The total members associated with these entities for December 31, 2001, 2000 and 1999 were 381,102, 331,733 and 215,000, respectively. Membership numbers for the periods subsequent to December 31, 2001 also include members from these entities.
- (6) Effective December 31, 2003, WellPoint revised its medical membership counting methodology to include estimated host members using the national BlueCard program. Host members are generally members who reside in a state in which a WellPoint subsidiary is the Blue Cross and/or Blue Shield licensee and who are covered under an employer-sponsored health plan issued by a non-WellPoint controlled Blue Cross and/or Blue Shield licensee. Host members are computed using, among other things, an estimate of the average number of BlueCard claims received per member per month. Total BlueCard host members as of March 31, 2004 and 2003 were 1,196,000 and 748,490, respectively. Total BlueCard host members as of December 31, 2003, 2002 and 2001 were 1,002,113, 587,272 and 380,286, respectively. Medical membership data as of March 31, 2003, December 31, 2002 and 2001 have been revised to include these members. Medical membership data as of December 31, 2000 and 1999 have not been revised to include these BlueCard host members.
- (7) Certain amounts for periods prior to 2004 have been reclassified to conform to the 2004 presentation.
- (8) No cash dividends were declared in any of the periods presented.

Table of Contents**SELECTED UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following selected unaudited pro forma combined financial information combines historical amounts of Anthem and WellPoint, adjusted to reclassify WellPoint's information to a consistent presentation format and to reflect the effects of the merger. The table sets forth the information as if the merger had become effective on March 31, 2004, with respect to balance sheet data, and at the beginning of the periods presented, with respect to income statement data. The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting. See **ACCOUNTING TREATMENT** on page 90. The selected unaudited pro forma combined financial data has been derived from and should be read in conjunction with the unaudited pro forma combined financial information and the related notes included herein and should be read in conjunction with the consolidated financial statements of Anthem and WellPoint, which are incorporated herein by reference. See **WHERE YOU CAN FIND MORE INFORMATION** on page 128 and **UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION** on page 119.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, should not be relied upon as being indicative of the results that could actually have been obtained if the merger had been in effect for the periods described below or the future results of the combined company.

	As of and for the Three Months Ended March 31, 2004	For the Year Ended December 31, 2003
	(\$ in millions)	
Unaudited Pro Forma Combined Income Statement Data:		
Total operating revenue	\$ 10,022.7	\$ 36,559.5
Total revenues	10,201.1	37,066.6
Net income	541.4	1,501.2
Unaudited Pro Forma Combined Balance Sheet Data:		
Investments	\$ 14,642.5	
Goodwill and other intangible assets	18,151.5	
Total assets	39,874.5	
Total current policy liabilities	5,820.7	
Long-term debt, less current portion	5,771.7	
Total shareholders' equity	18,570.9	

Table of Contents**COMPARATIVE PER SHARE DATA**

The following table sets forth for Anthem common stock and WellPoint common stock certain historical, pro forma and pro forma equivalent per share financial information. The pro forma and pro forma equivalent per share information gives effect to the merger as if the merger had been effective at the beginning of the periods presented, in the case of the net income and dividends declared data presented, and on the dates presented, in the case of the book value data presented. The pro forma data in the tables assume that the merger is accounted for using the purchase method of accounting. See **ACCOUNTING TREATMENT** on page 90. The information in the following table is based on, and should be read together with, the pro forma information that appears elsewhere in this document and the historical information of Anthem and WellPoint, which is incorporated into this document by reference. See **WHERE YOU CAN FIND MORE INFORMATION** on page 128 and **UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION** on page 119.

The pro forma information, while helpful in illustrating the financial characteristics of the combined company under one set of assumptions, should not be relied upon as being indicative of the results that could actually have been obtained if the merger had been in effect for the periods described below or the future results of the combined company.

	Anthem Historical	WellPoint Historical	Pro Forma Combined⁽¹⁾	Per Equivalent WellPoint Share⁽²⁾
Net income per share for the three months ended				
March 31, 2004:				
Basic	\$ 2.14	\$ 1.92	\$ 1.85	\$ 1.85
Diluted	2.08	1.85	1.78	1.78
Net income per share for the year ended December 31,				
2003:				
Basic	\$ 5.60	\$ 6.34	\$ 5.11	\$ 5.11
Diluted	5.45	6.16	4.90	4.90
Cash dividends declared				
For the year ended December 31, 2003				
For the three months ended March 31, 2004				
Book value				
As of March 31, 2004	\$45.92	\$38.30	\$63.47	\$63.47

(1) Shares of WellPoint common stock outstanding (other than shares held by WellPoint subsidiaries) will be converted at a rate of 1.0 shares of Anthem common stock for each share of WellPoint common stock. In addition, it was assumed that the 20.0 million options and deferred share rights for WellPoint common stock outstanding were converted into Anthem stock options at a rate of 1.269 Anthem shares for each WellPoint share, the exchange ratio resulting from an assumed value of \$88.58 (Anthem's closing price on April 30, 2004) for one share of Anthem common stock.

(2) The per equivalent WellPoint share data was calculated by multiplying the pro forma combined per share data by 1.0, so that the pro forma combined per share data amounts are equated to the respective values for one share of WellPoint common stock.

Table of Contents

RECENT DEVELOPMENTS

Anthem

As discussed in Anthem's quarterly report on Form 10-Q for the quarter ended March 31, 2004, which is incorporated by reference in this document, on April 28, 2004 Anthem reported net income for the quarter ended March 31, 2004 of \$295.6 million, or \$2.08 per share. Net income for the first quarter of 2003 was \$191.7 million, or \$1.36 per share. Net income in the current year quarter included \$0.15 per share in net realized gains and \$0.32 per share in tax benefits associated with a change in Indiana laws governing the state's high-risk insurance pool. The first quarter of 2003 included \$0.07 per share in net realized gains and an \$0.11 per share benefit from the resolution of a litigation matter.

WellPoint

On April 21, 2004, WellPoint reported net income for the quarter ended March 31, 2004, of \$295.2 million, or \$1.85 per diluted share. Net income for the quarter ended March 31, 2003 was \$193.1 million, or \$1.29 per diluted share. Investment income in the first quarter of 2004 included a net, after-tax realized investment gain of \$9.9 million, or \$0.06 per diluted share, compared with a net, after-tax realized investment gain of \$3.7 million, or \$0.02 per diluted share, in the first quarter of 2003, both of which were discussed in WellPoint's press release dated April 21, 2004 announcing its earnings for the quarter ended March 31, 2004.

A stockholder class action lawsuit was filed in the Superior Court of Ventura County, California on October 28, 2003 against WellPoint and its board of directors. The lawsuit, which is entitled *Abrams v. WellPoint Health Networks Inc., et al.*, alleges that WellPoint's directors breached their fiduciary duties to stockholders by approving the merger agreement with Anthem while in possession of non-public information regarding WellPoint's financial results for the third quarter of 2003. See WellPoint's quarterly report on Form 10-Q for the quarter ended March 31, 2004 for a more detailed discussion of this lawsuit.

Table of Contents

RISK FACTORS

In addition to the other information contained or incorporated by reference in this document, you should consider the following risk factors in determining how to vote at the special meetings of Anthem and WellPoint.

Risks Relating to the Merger

Anthem and WellPoint may experience difficulties in integrating their businesses, which could cause the combined company to lose many of the anticipated potential benefits of the merger.

We have entered into the merger agreement because we believe that the merger will be beneficial to our companies. Achieving the anticipated benefits of the merger will depend in part upon whether our two companies integrate our businesses in an efficient and effective manner. In particular, the successful combination of Anthem and WellPoint will depend on the integration of our respective businesses. We may not be able to accomplish this integration process smoothly or successfully. The necessity of coordinating geographically separated organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of certain operations following the merger will require the dedication of significant management resources, which may temporarily distract management's attention from our day-to-day business. Employee uncertainty and lack of focus during the integration process may also disrupt our business. Any inability of our management to integrate successfully the operations of our two companies could have a material adverse effect on our business, results of operations and financial condition.

We must obtain several governmental and other consents to complete the merger, which, if delayed, not granted, or granted with unacceptable conditions, may jeopardize or postpone the completion of the merger, result in additional expenditures of money and resources or reduce the anticipated benefits of the merger.

We must obtain certain remaining approvals and consents in a timely manner from state agencies prior to the completion of the merger. If we do not receive these approvals, or do not receive them on terms that satisfy the merger agreement, then we will not be obligated to complete the merger. The governmental agencies from which we will seek these approvals have broad discretion in administering the governing regulations. As a condition to approval of the merger, these agencies may impose requirements, limitations or costs that could negatively affect the way we conduct business. These requirements, limitations or costs could jeopardize or delay the completion of the merger. If we agree to any material requirements, limitations or costs in order to obtain any approvals required to complete the merger, these requirements, limitations or additional costs could adversely affect the two companies' ability to integrate their operations or could reduce the anticipated benefits of the merger. This could result in a material adverse effect on our business, results of operations and financial condition. See REGULATORY AND OTHER APPROVALS REQUIRED FOR THE MERGER on page 38 for a more detailed discussion of required approvals and the status thereof as of the date of this joint proxy statement/prospectus.

Anthem will incur additional indebtedness to pay a portion of the merger consideration to WellPoint's stockholders and we may incur additional indebtedness in the future. We will not be able to repay our indebtedness except through dividends from our subsidiaries, some of which are restricted in their ability under applicable insurance and other laws to pay such dividends. Such indebtedness could also adversely affect our ability to pursue desirable business opportunities.

Anthem currently intends to incur up to approximately \$3.2 billion in debt to finance a portion of the cash payments to be made to WellPoint's stockholders in the merger and the transaction costs associated with this proposed transaction. Anthem may also incur additional indebtedness in the future for other corporate purposes. As a holding company, we will have no operations and will be dependent

Table of Contents

on dividends from our subsidiaries for cash to fund our debt service and other corporate needs. State insurance and other laws will restrict the ability of our regulated subsidiaries to pay dividends. Anthem's indebtedness could also limit our ability to pursue desirable business opportunities, and may affect our ability to maintain an investment grade rating for our indebtedness.

Anthem's bridge loan agreement may contain conditions that may not be satisfied, in which case it would need to arrange for alternative sources of financing.

Anthem has entered into a commitment letter with respect to a bridge loan agreement under which it may borrow up to \$3 billion. Pursuant to the commitment letter, the bridge loan agreement is to contain various conditions to Anthem's ability to borrow under the bridge loan, including conditions related to (1) the absence of any change, occurrence or development since December 31, 2002 that could reasonably be expected to have a material adverse effect; (2) the receipt of all governmental, shareholder and third-party consents and approvals necessary in connection with the transaction; (3) the absence of any action, suit, investigation or proceeding pending or, to the knowledge of Anthem or WellPoint, threatened in any court or before any arbitrator or governmental authority that could reasonably be expected to have a material adverse effect; (4) Anthem's long-term unsecured non-credit enhanced debt not being rated less than Baa3 by Moody's and BBB by S&P; and (5) and such other conditions that are customary for transactions of this nature.

WellPoint shareholders cannot be sure of the market value of the shares of Anthem common stock that will be issued in the merger.

Upon the completion of the merger, each share of WellPoint common stock outstanding immediately prior to the merger will be converted into the right to receive cash and shares of Anthem common stock. Because the exchange ratio is fixed at one share of Anthem common stock for each share of WellPoint common stock, the market value of the Anthem common stock issued in the merger will depend upon the market price of a share of Anthem common stock upon the completion of the merger. This market value of Anthem common stock will fluctuate prior to the completion of the merger and therefore may be different at the time the merger is completed than it was at the time the merger agreement was signed and at the time of Anthem's and WellPoint's special meetings. Accordingly, WellPoint stockholders cannot be sure of the market value of the Anthem common stock that they will receive upon the completion of the merger or the market value of Anthem common stock at any time after the merger.

Risks Relating to the Business of Anthem, WellPoint and the Combined Company

Application of and/or changes in state and federal regulations may adversely affect our business, financial condition and results of operations. As holding companies, we are dependent on dividends from our subsidiaries. Our regulated subsidiaries are subject to state regulations, including restrictions on the payment of dividends and maintenance of minimum levels of capital.

Our insurance and health maintenance organization, or HMO, subsidiaries are subject to extensive regulation and supervision by the insurance or HMO regulatory authorities of each state in which they are licensed or authorized to do business, as well as to regulation by federal and local agencies. We cannot assure you that future regulatory action by state insurance or HMO authorities will not have a material adverse effect on the profitability or marketability of our health benefits or managed care products or on our business, financial condition and results of operations. In addition, because of both Anthem's and WellPoint's participation in government-sponsored programs such as Medicare and Medicaid, changes in government regulations or policy with respect to, among other things, reimbursement levels, could also adversely affect our business, financial condition and results of operations. In addition, we cannot assure you that application of the federal and/or state tax regulatory regime that currently applies to Anthem or WellPoint will not, or future tax regulation by either federal and/or state governmental authorities concerning the combined company could not, have a material adverse effect on our business, operations or financial condition.

Table of Contents

In December 2000, the Department of Health and Human Services, known as HHS, promulgated certain regulations under the Health Insurance Portability and Accountability Act of 1996, or HIPAA, related to the privacy of individually identifiable health information, or confidential health information. The new regulations require health plans, clearinghouses and providers to: comply with various requirements and restrictions related to the use, storage and disclosure of confidential health information; adopt rigorous internal procedures to protect confidential health information; and enter into specific written agreements with business associates to whom confidential health information is disclosed. These regulations do not preempt more stringent state laws and regulations that may apply to us. On February 20, 2003, HHS published the final regulation addressing security requirements to be met regarding accessibility of confidential health information. Health plans (other than small health plans) have until April 20, 2005 to comply with these new security standards. We are currently assessing the impact of this new regulation and believe the costs could be material.

State legislatures and Congress continue to focus on health care issues. From time to time, Congress has considered various forms of Patients Bill of Rights legislation which, if adopted, could fundamentally alter the treatment of coverage decisions under the Employee Retirement Income Security Act of 1974, or ERISA. Additionally, there recently have been legislative attempts to limit ERISA's preemptive effect on state laws. If adopted, such limitations could increase our liability exposure and could permit greater state regulation of our operations. Other proposed bills and regulations at state and federal levels may impact certain aspects of our business, including provider contracting, claims payments and processing and confidentiality of health information. While we cannot predict if any of these initiatives will ultimately become effective or, if enacted, what their terms will be, their enactment could increase our costs, expose us to expanded liability or require us to revise the ways in which we conduct business. Further, as we continue to implement our e-business initiatives, uncertainty surrounding the regulatory authority, and requirements in this area may make it difficult to ensure compliance.

We are holding companies whose assets include all of the outstanding shares of common stock of our licensed insurance company and HMO subsidiaries. As holding companies, we depend on dividends from our subsidiaries and their receipt of dividends from our other regulated subsidiaries. Among other restrictions, state insurance and HMO laws may restrict the ability of our regulated subsidiaries to pay dividends. Our ability to pay dividends in the future to our shareholders and meet our obligations, including paying operating expenses and debt service on our outstanding and future indebtedness, will depend upon the receipt of dividends from our subsidiaries. An inability of our subsidiaries to pay dividends in the future in an amount sufficient for us to meet our financial obligations may materially adversely affect our business, financial condition and results of operations.

Most of our insurance and HMO subsidiaries are subject to risk-based capital, known as RBC, standards, imposed by their states of domicile. These laws are based on the RBC Model Act adopted by the National Association of Insurance Commissioners, or NAIC, and require our regulated subsidiaries to report their results of risk-based capital calculations to the departments of insurance and the NAIC. Failure to maintain the minimum RBC standards could subject our regulated subsidiaries to corrective action, including state supervision or liquidation. Our insurance and HMO subsidiaries are currently in compliance with the risk-based capital or other similar requirements imposed by their respective states of domicile.

Our inability to contain health care costs, efficiently implement increases in premium rates, maintain adequate reserves for policy benefits, maintain our current provider agreements or avoid a downgrade in our ratings may adversely affect our business, financial condition and results of operations.

Our profitability depends in large part on accurately predicting health care costs and on our ability to manage future health care costs through underwriting criteria, medical management, product design and negotiation of favorable provider contracts. The aging of the population and other demographic characteristics and advances in medical technology continue to contribute to rising health care costs. Government-imposed limitations on Medicare and Medicaid reimbursement have also caused the

Table of Contents

private sector to bear a greater share of increasing health care costs. Changes in health care practices, inflation, new technologies, the cost of prescription drugs, clusters of high cost cases, changes in the regulatory environment and numerous other factors affecting the cost of health care may adversely affect our ability to predict and manage health care costs, as well as our business, financial condition and results of operations.

In addition to the challenge of managing health care costs, we face pressure to contain premium rates. Our customer contracts may be subject to renegotiation as customers seek to contain their costs. Alternatively, our customers may move to a competitor to obtain more favorable premiums. Fiscal concerns regarding the continued viability of programs such as Medicare and Medicaid may cause decreasing reimbursement rates for government-sponsored programs in which we participate. A limitation on our ability to increase or maintain our premium levels could adversely affect our business, financial condition and results of operations.

The reserves we establish for health insurance policy benefits and other contractual rights and benefits are based upon assumptions concerning a number of factors, including trends in health care costs, expenses, general economic conditions and other factors. Actual experience will likely differ from assumed experience, and to the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, our incurred losses would increase and future earnings could be adversely affected.

Our profitability is dependent upon our ability to contract on favorable terms with hospitals, physicians and other health care providers. The failure to maintain or to secure new cost-effective health care provider contracts may result in a loss in membership or higher medical costs. In addition, our inability to contract with providers, or the inability of providers to provide adequate care, could adversely affect our business.

Claims-paying ability and financial strength ratings by recognized rating organizations have become an increasingly important factor in establishing the competitive position of insurance companies and health benefits companies. Rating organizations continue to review the financial performance and condition of insurers. Each of the rating agencies reviews its ratings periodically and there can be no assurance that current ratings will be maintained in the future. We believe our strong ratings are an important factor in marketing our products to our customers, since ratings information is broadly disseminated and generally used throughout the industry. If our ratings are downgraded or placed under surveillance or review, with possible negative implications, the downgrade, surveillance or review could adversely affect our business, financial condition and results of operations. Our ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our obligations to policyholders, and are not evaluations directed toward the protection of investors in our common stock and should not be relied upon when making a decision on how to vote at the meetings.

We face risks related to litigation.

We are, or may be, in the future a party to a variety of legal actions that affect any business, such as employment and employment discrimination-related suits, employee benefit claims, breach of contract actions, tort claims and intellectual property-related litigation. In addition, because of the nature of our business, we are subject to a variety of legal actions relating to our business operations, including the design, management and offering of our products and services. These could include: claims relating to the denial of health care benefits; medical malpractice actions; allegations of anti-competitive and unfair business activities; provider disputes over compensation and termination of provider contracts; disputes related to self-funded business; disputes over co-payment calculations; claims related to the failure to disclose certain business practices; and claims relating to customer audits and contract performance.

A number of class action lawsuits have been filed against us and certain of our competitors in the managed care business. The suits are purported class actions on behalf of certain of our managed care members and network providers for alleged breaches of various state and federal laws. While we intend

Table of Contents

to defend these suits vigorously, we will incur expenses in the defense of these suits and cannot predict their outcome.

Recent court decisions and legislative activity may increase our exposure for any of these types of claims. In some cases, substantial non-economic, treble or punitive damages may be sought. We currently have insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of insurance may not be enough to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance, and insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future.

A reduction in the enrollment in our health benefits programs could have an adverse effect on our business and profitability. The health benefits industry is subject to negative publicity, which can adversely affect our profitability. Additionally, we face significant competition from other health benefits companies.

A reduction in the number of enrollees in our health benefits programs could adversely affect our business, financial condition and results of operations. Factors that could contribute to a reduction in enrollment include: failure to obtain new customers or retain existing customers; premium increases and benefit changes; our exit from a specific market; reductions in workforce by existing customers; negative publicity and news coverage; failure to attain or maintain nationally recognized accreditations; and general economic downturn that results in business failures.

The health benefits industry is subject to negative publicity. Negative publicity may result in increased regulation and legislative review of industry practices, which may further increase our costs of doing business and adversely affect our profitability by: adversely affecting our ability to market our products and services; requiring us to change our products and services; or increasing the regulatory burdens under which we operate.

In addition, as long as we use the Blue Cross and Blue Shield names and marks in marketing our health benefits products and services, any negative publicity concerning the Blue Cross Blue Shield Association or other Blue Cross Blue Shield Association licensees may adversely affect us and the sale of our health benefits products and services.

As a health benefits company, we operate in a highly competitive environment and in an industry that is currently subject to significant changes from business consolidations, new strategic alliances, legislative reform, aggressive marketing practices by other health benefits organizations and market pressures brought about by an informed and organized customer base, particularly among large employers. This environment has produced and will likely continue to produce significant pressures on the profitability of health benefits companies. In addition, the Gramm-Leach-Bliley Act, which gives banks and other financial institutions the ability to affiliate with insurance companies, could result in new competitors with significant financial resources entering our markets. We cannot assure you that we will be able to compete successfully against current and future competitors or that competitive pressures faced by us will not materially and adversely affect our business, financial condition and results of operations.

Regional concentrations of our business may subject us to economic downturns in those regions.

Our business operations include or consist of regional companies located in the Midwest, East and West (in the case of Anthem), and in the West, Midwest and South (in the case of WellPoint) with most of our revenues generated in the states of Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Maine, Colorado, Nevada and Virginia (in the case of Anthem) and in the states of California, Missouri, Georgia and Wisconsin (in the case of WellPoint). Due to this concentration of business in a small number of states, we are exposed to potential losses resulting from the risk of an economic downturn in these states. If economic conditions in these states deteriorate, we may

Table of Contents

experience a reduction in existing and new business, which may have a material adverse effect on our business, financial condition and results of operations.

Anthem and WellPoint have built a significant portion of their current businesses through mergers and acquisitions and we expect to pursue acquisitions in the future. The following are some of the risks associated with acquisitions that could have a material adverse effect on our business, financial condition and results of operations:

some of the acquired businesses may not achieve anticipated revenues, earnings or cash flow;

we may assume liabilities that were not disclosed to us;

we may be unable to integrate acquired businesses successfully and realize anticipated economic, operational and other benefits in a timely manner, which could result in substantial costs and delays or other operational, technical or financial problems;

acquisitions could disrupt our ongoing business, distract management, divert resources and make it difficult to maintain our current business standards, controls and procedures;

we may finance future acquisitions by issuing common stock for some or all of the purchase price, which could dilute the ownership interests of our shareholders;

we may also incur additional debt related to future acquisitions; and

we would be competing with other firms, some of which may have greater financial and other resources, to acquire attractive companies.

Our investment portfolios are subject to varying economic and market conditions, as well as regulation. As Medicare fiscal intermediaries, we are subject to complex regulations. If we fail to comply with these regulations, we may be exposed to criminal sanctions and significant civil penalties. Moreover, we are using the Blue Cross and Blue Shield names and marks as identifiers for our products and services under licenses from the Blue Cross Blue Shield Association. The termination of these license agreements or changes in the terms and conditions of these license agreements could adversely affect our business, financial condition and results of operations.

The market value of our investments varies from time to time depending on economic and market conditions. For various reasons, we may sell certain of our investments at prices that are less than the carrying value of the investments. In addition, in periods of declining interest rates, bond calls and mortgage loan prepayments generally increase, resulting in the reinvestment of these funds at the then lower market rates. We cannot assure you that our investment portfolios will produce positive returns in future periods. Our regulated subsidiaries are subject to state laws and regulations that require diversification of our investment portfolios and limit the amount of investments in certain riskier investment categories, such as below-investment-grade fixed income securities, mortgage loans, real estate and equity investments, which could generate higher returns on our investments. Failure to comply with these laws and regulations might cause investments exceeding regulatory limitations to be treated as non-admitted assets for purposes of measuring statutory surplus and risk-based capital, and, in some instances, require the sale of those investments.

Like a number of other Blue Cross and Blue Shield companies, we serve as fiscal intermediaries for the Medicare program, which generally provides coverage for persons who are 65 or older and for persons with end-stage renal disease. Part A of the Medicare program provides coverage for services provided by hospitals, skilled nursing facilities and other health care facilities. Part B of the Medicare program provides coverage for services provided by physicians, physical and occupational therapists and other professional providers. One of WellPoint's subsidiaries, United Government Services, currently serves as the largest Part A fiscal intermediary. As fiscal intermediaries, we receive reimbursement for certain costs and expenditures, which is subject to adjustment upon audit by the federal Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration). The laws and regula-

Table of Contents

tions governing fiscal intermediaries for the Medicare program are complex, subject to interpretation and can expose a fiscal intermediary to penalties for non-compliance. Fiscal intermediaries may be subject to criminal fines, civil penalties or other sanctions as a result of such audits or reviews. While we believe that they are in compliance in all material respects with the regulations governing fiscal intermediaries, there are ongoing reviews by the federal government of Anthem's activities under certain of Anthem's Medicare fiscal intermediary contracts. One of Anthem's subsidiaries, AdminaStar Federal, Inc., has received several subpoenas from the U.S. Office of the Inspector General, the Department of Health and Human Services and the U.S. Department of Justice seeking documents and information concerning its responsibilities as a Medicare Part B contractor in its Kentucky office, and requesting certain financial records from AdminaStar Federal, Inc. and from Anthem related to Anthem's Medicare fiscal intermediary Part A and Part B operations.

We are a party to license agreements with the Blue Cross Blue Shield Association that entitle us to the exclusive use of the Blue Cross and Blue Shield names and marks in our geographic territories. The license agreements contain certain requirements and restrictions regarding our operations and our use of the Blue Cross and Blue Shield names and marks, including: minimum capital and liquidity requirements; enrollment and customer service performance requirements; participation in programs that provide portability of membership between plans; disclosures to the Blue Cross Blue Shield Association relating to enrollment and financial conditions; disclosures as to the structure of the Blue Cross and Blue Shield system in contracts with third parties and in public statements; plan governance requirements; a requirement that at least 80% (or, in the case of Blue Cross of California, substantially all) of a licensee's annual combined net revenue attributable to health benefits plans within its service area must be sold, marketed, administered or underwritten under the Blue Cross and Blue Shield names and marks; a requirement that neither a plan nor any of its licensed affiliates may permit an entity other than a plan or a licensed affiliate to obtain control of the plan or the licensed affiliate or to acquire a substantial portion of its assets related to licensable services; a requirement that we guarantee the contractual and financial obligations of our licensed affiliates; and a requirement that we indemnify the Blue Cross Blue Shield Association against any claims asserted against it resulting from the contractual and financial obligations of any subsidiary that serves as a fiscal intermediary providing administrative services for Medicare Parts A and B. We believe that we and our licensed affiliates are currently in compliance with these standards. The standards under the license agreements may be modified in certain instances by the Blue Cross Blue Shield Association. For example, from time to time there have been proposals considered by the Blue Cross Blue Shield Association to modify the terms of the license agreement to restrict various potential business activities of licensees. These proposals have included, among other things, a limitation on the amount of health plan business that a Blue Cross Blue Shield Association licensee may conduct under a trade name other than the Blue Cross or Blue Shield name and a limitation on the ability of a licensee to make its provider networks available to insurance carriers or other entities not holding a Blue Cross Blue Shield license. To the extent that such amendments to the license agreement are adopted in the future, they could have a material adverse effect on the combined company's future expansion plans or results of operations.

Upon the occurrence of an event causing termination of the license agreements, we would no longer have the right to use the Blue Cross and Blue Shield names and marks in one or more of our geographic territories. Furthermore, the Blue Cross Blue Shield Association would be free to issue a license to use the Blue Cross and Blue Shield names and marks in these states to another entity. Events that could cause the termination of a license agreement with the Blue Cross Blue Shield Association include failure to comply with minimum capital requirements imposed by the Blue Cross Blue Shield Association, a change of control or violation of the Blue Cross Blue Shield Association ownership limitations on our capital stock, impending financial insolvency, the appointment of a trustee or receiver or the commencement of any action against a licensee seeking its dissolution. We believe that the Blue Cross and Blue Shield names and marks are valuable identifiers of our products and services in the marketplace. Accordingly, termination of the license agreements could have a material adverse effect on our business, financial condition and results of operations.

Table of Contents

The failure to effectively maintain and modernize our operations in an Internet environment could adversely affect our business.

Our businesses depend significantly on effective information systems, and we have many different information systems for our various businesses. Our information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences. For example, HIPAA's administrative simplification provisions and the Department of Labor's claim processing regulations have required and will continue to require significant changes to current systems. In addition, we may from time to time obtain significant portions of our systems-related or other services or facilities from independent third parties, which may make our operations vulnerable to such third parties' failure to perform adequately. As a result of our merger and acquisition activities, we have acquired additional systems. Our failure to maintain effective and efficient information systems, or our failure to efficiently and effectively consolidate our information systems to eliminate redundant or obsolete applications, could have a material adverse effect on our business, financial condition and results of operations.

Also, like many of our competitors in the health benefits industry, our vision for the future includes becoming a premier e-business organization by modernizing interactions with customers, brokers, agents, employees and other stakeholders through web-enabling technology and redesigning internal operations. We are developing our e-business strategy with the goal of becoming widely regarded as an e-business leader in the health benefits industry. The strategy includes not only sales and distribution of health benefits products on the Internet, but also implementation of advanced self-service capabilities benefiting customers, agents, brokers, partners and employees. There can be no assurance that we will be able to realize successfully our e-business vision or integrate e-business operations with our current method of operations. The failure to develop successful e-business capabilities could result in competitive and cost disadvantages to us as compared to our competitors.

Indiana law, and other applicable laws, and Anthem's articles of incorporation and bylaws, may prevent or discourage takeovers and business combinations that our current shareholders and WellPoint's former stockholders after the completion of the merger might consider in their best interests.

Indiana law and Anthem's articles of incorporation and bylaws may delay, defer, prevent or render more difficult a takeover attempt that Anthem's shareholders might consider in their best interests. For instance, they may prevent Anthem shareholders from receiving the benefit from any premium to the market price of Anthem's common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of Anthem's common stock if they are viewed as discouraging takeover attempts in the future.

After the merger, we will continue to be regulated as an insurance holding company and will continue to be subject to the insurance holding company acts of the states in which Anthem's and WellPoint's insurance company subsidiaries are domiciled, as well as similar provisions included in the health statutes and regulations of certain states where these subsidiaries are regulated as managed care companies or HMOs. The insurance holding company acts and regulations and these similar health provisions restrict the ability of any person to obtain control of an insurance company or HMO without prior regulatory approval. Under those statutes and regulations, without such approval (or an exemption), no person may acquire any voting security of a domestic insurance company or HMO, or an insurance holding company which controls an insurance company or HMO, or merge with such a holding company, if as a result of such transaction such person would control the insurance holding company, insurance company or HMO. Control is generally defined as the direct or indirect power to direct or cause the direction of the management and policies of a person and is presumed to exist if a person directly or indirectly owns or controls 10% or more of the voting securities of another person.

In addition to the restrictions described above, under the Indiana demutualization law, for a period of five years following November 2, 2001, the effective date of Anthem's demutualization, no person may

Table of Contents

acquire beneficial ownership of 5% or more of the outstanding shares of Anthem's common stock without the prior approval of the Indiana Insurance Commissioner and Anthem's board of directors. Any Anthem shares acquired in violation of this restriction, including shares acquired by WellPoint stockholders in the merger that constitute 5% or more of the outstanding shares of Anthem common stock immediately after the merger without the prior approval of the Indiana Insurance Commissioner and Anthem's board of directors, may not be voted at any shareholders' meeting. This restriction does not apply to acquisitions made by Anthem or made pursuant to an employee benefit plan or employee benefit trust sponsored by Anthem. The Indiana Insurance Commissioner has adopted rules under which passive institutional investors could purchase 5% or more but less than 10% of Anthem's outstanding common stock with the prior approval of Anthem's board of directors and prior notice to the Indiana Insurance Commissioner.

Anthem's articles of incorporation restrict the beneficial ownership of its capital stock in excess of specific ownership limits. The ownership limits restrict beneficial ownership of Anthem's voting capital stock to less than 10% for institutional investors and less than 5% for noninstitutional investors, both as defined in Anthem's articles of incorporation. Additionally, no person may beneficially own shares of Anthem common stock representing a 20% or more ownership interest in Anthem. These restrictions are intended to ensure Anthem's compliance with the terms of its licenses with the Blue Cross Blue Shield Association. By agreement between Anthem and the Blue Cross Blue Shield Association, these ownership limits may be increased. Anthem's articles of incorporation prohibit ownership of Anthem capital stock beyond these ownership limits without prior approval of a majority of Anthem's continuing directors (as defined in Anthem's articles of incorporation).

Certain other provisions included in Anthem's articles of incorporation and bylaws may also have anti-takeover effects and may delay, defer or prevent a takeover attempt that Anthem's shareholders might consider in their best interests. In particular, Anthem's articles of incorporation and bylaws: permit Anthem's board of directors to issue one or more series of preferred stock; divide Anthem's board of directors into three classes serving staggered three-year terms; restrict the maximum number of directors; limit the ability of shareholders to remove directors; impose restrictions on shareholders' ability to fill vacancies on Anthem's board of directors; prohibit shareholders from calling special meetings of shareholders; impose advance notice requirements for shareholder proposals and nominations of directors to be considered at meetings of shareholders; and impose restrictions on shareholders' ability to amend Anthem's articles of incorporation and bylaws.

Table of Contents

CAUTIONARY STATEMENT REGARDING

FORWARD-LOOKING STATEMENTS

This document contains a number of forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, regarding the financial condition, results of operations and business of Anthem and WellPoint. These statements may be made directly in this document or may be incorporated in this document by reference to other documents and may include statements for the period following the completion of the merger. You can find many of these statements by looking for words such as may, will, should, could, anticipate, estimate, expect, plan, believe, predict, potential, intend or similar expressions. Health benefits companies operate in a highly competitive, constantly changing environment that is significantly influenced by aggressive marketing and pricing practices of competitors, regulatory oversight and organizations that have resulted from business combinations. The following is a summary of factors, the results of which, either individually or in combination, if markedly different from our planning assumptions, could cause our results to differ materially from those expressed in any forward-looking statements contained in this document:

trends in health care costs and utilization rates;

our ability to secure sufficient premium rate increases in the face of cost increases;

competitor pricing below market trends of increasing costs;

increased government regulation of health benefits and managed care;

significant acquisitions or divestitures by major competitors;

introduction and utilization of new prescription drugs and technology;

a downgrade in our financial strength ratings;

an increased level of debt;

litigation targeted at health benefits companies;

our ability to contract with providers consistent with past practice;

our ability to consummate the merger;

our ability to achieve expected synergies and operating efficiencies in the merger within the expected time frames or at all and to successfully integrate our operations;

difficulties related to the integration of the business of Anthem and WellPoint may be greater than expected;

revenues following the merger may be lower than expected;

operating costs, customer loss and business disruption, including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers, may be greater than expected following the transaction;

the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule;

our ability to meet expectations regarding the timing, completion and accounting and tax treatments of the transaction and the value of the transaction consideration;

the level of realization, if any, of expected cost savings and other synergies from the merger;

future bio-terrorist activity or other potential public health epidemics; and

general economic downturns.

Because such forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Anthem shareholders

Table of Contents

and WellPoint stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this document or the date of any document incorporated by reference.

All subsequent written and oral forward-looking statements concerning the merger or other matters addressed in this document and attributable to Anthem or WellPoint or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, neither Anthem nor WellPoint undertakes any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events.

Table of Contents

THE ANTHEM SPECIAL MEETING

This section contains information from Anthem for Anthem shareholders about the special meeting of shareholders it has called to consider and approve the issuance of Anthem common stock in the merger and the articles amendment.

Together with this document, Anthem is also sending you a notice of the Anthem special meeting and a form of proxy that is solicited by Anthem's board of directors for use at the Anthem special meeting to be held on June 28, 2004 at 11:00 a.m., local time, at Anthem's headquarters, 120 Monument Circle, Indianapolis, Indiana 46204, and any adjournments or postponements of the meeting.

Matters to be Considered

The purpose of the Anthem special meeting is to consider and to vote on a proposal to issue shares of Anthem common stock in connection with the merger contemplated by the Amended and Restated Agreement and Plan of Merger, effective as of October 26, 2003, among Anthem, Anthem Holding Corp., a direct wholly owned subsidiary of Anthem, and WellPoint.

Furthermore, it is the purpose of the Anthem special meeting to consider and to vote on a proposal to approve an amendment to the Anthem articles of incorporation that would change the name of Anthem to WellPoint, Inc.

You may be asked to vote upon other matters that may properly be submitted to a vote at the Anthem special meeting. You also may be asked to vote on a proposal to adjourn or postpone the Anthem special meeting. Anthem could use any adjournment or postponement for the purpose of, among others, allowing additional time to solicit proxies.

Proxies

Each copy of this document mailed to Anthem shareholders is accompanied by a form of proxy with voting instructions for submission by mail, telephone and through the Internet. You should complete and return the proxy card accompanying this document or submit your proxy or voting instructions electronically by telephone or through the Internet in order to ensure that your vote is counted at the Anthem special meeting, or any adjournment or postponement thereof, regardless of whether you plan to attend the special meeting.

Please note that there are separate arrangements for using the telephone and the Internet depending on whether your shares are registered in Anthem's stock records in your name or in the name of a brokerage firm, bank or other holder of record (*i.e.*, in street name). Anthem shareholders should check their proxy card or voting instructions forwarded by their broker, bank or other holder of record to see which options are available.

The telephone and Internet procedures described below for submitting your proxy or voting instructions are designed to authenticate shareholders' identities, to allow shareholders to have their shares voted and to confirm that their instructions have been properly recorded. Shareholders submitting proxies or voting instructions through the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that would be borne by the shareholder.

Anthem holders of record may submit their proxies electronically:

by telephone by calling the toll-free number (877) 779-8683 and following the recorded instructions; or

through the Internet by visiting a website established for that purpose at www.eproxyvote.com/ath and following the instructions.

Anthem shareholders may revoke their proxies at any time before the vote is taken at the special meeting by:

submitting written notice of revocation to the Corporate Secretary of Anthem prior to the voting of such proxy;

Table of Contents

submitting a properly executed proxy of a later date; or

voting in person at the special meeting; however, simply *attending* the special meeting without voting will not revoke an earlier proxy.

If your shares are not held in street name, written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204
Attention: Nancy L. Purcell, Corporate Secretary

as early as possible to ensure that the notice of revocation reaches Anthem at the above address prior to the date of the special meeting.

If your shares are held in street name, you should follow the instructions of your broker or bank regarding revocation of proxies.

All shares represented by valid proxies that Anthem receives through this solicitation, and that are not revoked, on a timely basis, will be voted in accordance with the instructions on the proxy card or made by telephone or the Internet. If you make no specification on your proxy card as to how you want your shares to be voted before signing and returning it, your proxy will be voted **FOR** the articles amendment and the issuance of Anthem common stock in the merger. The Anthem board of directors is currently unaware of any other matters that may be presented for action at the special meeting. If other matters properly come before the special meeting, or any adjournment or postponement thereof, Anthem intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against the issuance of shares of Anthem common stock in the merger and the articles amendment will not be voted in favor of adjourning or postponing the special meeting to solicit additional proxies for that proposal.

Anthem shareholders should NOT send stock certificates with their proxy cards. If the merger is completed, Anthem shareholders will not need to exchange their current stock certificates.

Solicitation of Proxies

Anthem will bear the entire cost of soliciting proxies from you except as noted above with respect to costs that may be associated with electronic voting and except that Anthem and WellPoint have agreed to share the costs of filing, printing and mailing this document. In addition to soliciting proxies by mail, Anthem will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of Anthem common stock and secure their voting instructions, if necessary. Anthem will reimburse the record holders for their reasonable expenses in taking those actions. Anthem and WellPoint have also made arrangements with Georgeson Shareholder Communications, Inc. to assist in soliciting proxies and have agreed to pay a base fee of \$20,000, direct telephone solicitation and shareholder inquiries fees, and reasonable out-of-pocket expenses for these services. If necessary, Anthem may also use several of its regular employees, who will not be specially compensated, to solicit proxies from Anthem shareholders, either personally or by telephone, telegram, facsimile or letter.

Record Date

Anthem has fixed the close of business on May 10, 2004, as the record date for determining the Anthem shareholders entitled to receive notice of and to vote at the Anthem special meeting. At that time, 138,661,566 shares of Anthem common stock were outstanding, held by approximately 177,542 holders of record.

Table of Contents

Voting Rights and Vote Required

Under Anthem's bylaws, the presence, in person or by properly executed proxy, of the holders of more than 25% of Anthem common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present. Under the applicable New York Stock Exchange rules, brokers or members who hold shares in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote those shares with respect to the issuance of Anthem common stock in the merger and the articles amendment without specific instructions from such customers. An unvoted proxy submitted by a broker is sometimes referred to as a broker non-vote.

Notwithstanding the quorum requirement set forth in Anthem's bylaws, the rules of the New York Stock Exchange require that, in order to approve the issuance of Anthem common stock in the merger, the total number of votes cast at the Anthem special meeting must represent over 50% of all Anthem common stock entitled to vote and a majority of the shares voting at the Anthem special meeting must vote in favor of the issuance. In order to approve the articles amendment, the total number of votes cast at the Anthem special meeting must represent over 25% of all Anthem common stock entitled to vote and a greater number of votes cast by the holders of Anthem common stock at the Anthem special meeting must vote in favor of the amendment than against it.

Because of the requirement that more than 25% of all Anthem common stock entitled to vote must be voted on the proposal to amend the articles, and the requirement that more than 50% of all Anthem common stock entitled to vote must be voted on the proposal to issue shares of Anthem common stock in the merger, if you do not vote by proxy or in person, it will make it less likely that these requirements will be met. Additionally, a failure to vote by proxy or in person, although not constituting a vote for or against the approval of the articles amendment and the issuance of Anthem common stock in the merger, will reduce the aggregate number of shares voting at the special meeting and will reduce the number of shares of Anthem common stock required to approve the articles amendment and the issuance of Anthem common stock in the merger. The Anthem board of directors urges Anthem shareholders to complete, date and sign the accompanying proxy card and return it promptly in the enclosed postage-paid envelope or to promptly submit their proxies by telephone or through the Internet.

As of the record date:

Directors and executive officers of Anthem and their affiliates beneficially owned or had the right to vote 916,465 shares of Anthem common stock, or less than 1% of the Anthem common stock outstanding on that date.

Directors and executive officers of WellPoint and their affiliates, including WellPoint, beneficially owned approximately 1,114,031 shares of Anthem common stock, or less than 1% of the Anthem common stock outstanding on that date.

To Anthem's knowledge, directors and executive officers of Anthem and their affiliates have indicated that they intend to vote their shares of Anthem common stock in favor of the articles amendment and the issuance of Anthem common stock in the merger.

Recommendation of the Board of Directors

The Anthem board of directors has unanimously approved the articles amendment and the merger agreement and unanimously recommends that you vote **FOR** the articles amendment and the issuance of Anthem common stock in the merger.

See **THE MERGER** Anthem's Reasons for the Merger; Recommendation of Anthem's Board of Directors on page 45 for a more detailed discussion of the Anthem board of directors' recommendation.

Table of Contents

Attending the Meeting

If you are a beneficial owner of Anthem common stock held by a broker, bank or other holder of record, you will need proof of ownership to be admitted to the special meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Anthem common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other holder of record who holds your shares.

Table of Contents

THE WELLPOINT SPECIAL MEETING

This section contains information from WellPoint for WellPoint's stockholders about the special meeting of stockholders that WellPoint has called to consider and adopt the merger agreement.

Together with this document, WellPoint is also sending you a notice of the WellPoint special meeting and a form of proxy that is solicited by WellPoint's board of directors for use at the WellPoint special meeting to be held on June 28, 2004, at 9:00 a.m., local time, at the Hyatt Westlake Plaza, 880 South Westlake Boulevard, Westlake Village, California 91361 and any adjournments or postponements of the meeting.

Matters to be Considered

The purpose of the WellPoint special meeting is to consider and to vote on a proposal to adopt the Amended and Restated Agreement and Plan of Merger, effective as of October 26, 2003, among Anthem, Anthem Holding Corp., a direct wholly owned subsidiary of Anthem, and WellPoint.

You may be asked to vote upon other matters that may properly be submitted to a vote at the WellPoint special meeting. You also may be asked to vote on a proposal to adjourn or postpone the WellPoint special meeting. WellPoint could use any adjournment or postponement for the purpose of, among others, allowing additional time to solicit proxies.

Proxies

Each copy of this document mailed to WellPoint stockholders is accompanied by a form of proxy with voting instructions for submission by mail, telephone and through the Internet. You should complete and return the proxy card accompanying this document or submit your proxy or voting instructions electronically by telephone or through the Internet, in order to ensure that your vote is counted at the WellPoint special meeting, or any adjournment or postponement thereof, regardless of whether or not you plan to attend the special meeting.

Please note that there are separate arrangements for using the telephone and the Internet, depending on whether your stock is registered in WellPoint's stock records in your name or in the name of a brokerage firm, bank or other holder of record (*i.e.*, in street name). WellPoint stockholders should check their proxy card or voting instructions forwarded by their broker, bank or other holder of record to see which options are available.

The telephone and Internet procedures described below for submitting your proxy or voting instructions are designed to authenticate stockholders' identities, to allow stockholders to have their stock voted and to confirm that their instructions have been properly recorded. Stockholders submitting proxies or voting instructions through the Internet should understand that there may be costs associated with electronic access, such as usage charges from Internet access providers and telephone companies, that would be borne by the stockholder.

WellPoint holders of record may submit their proxies electronically:

by telephone by calling the toll-free number (800) 435-6710 and following the recorded instructions or

through the Internet by visiting a website established for that purpose at <http://www.eproxy.com/wlp> and following the instructions.

WellPoint stockholders may revoke their proxies at any time before the vote is taken at the special meeting by:

submitting written notice of revocation to the Secretary of WellPoint prior to the voting of such proxy;

submitting a properly executed proxy of a later date; or

voting in person at the special meeting; however, simply attending the special meeting without voting will not revoke an earlier proxy.

Table of Contents

If your shares are not held in street name, written notices of revocation and other communications regarding the revocation of your proxy should be addressed to:

WellPoint Health Networks Inc.

1 WellPoint Way
Thousand Oaks, California 91362
Attention: Thomas C. Geiser, Secretary

as early as possible to ensure that the notice of revocation reaches WellPoint at the above address prior to the date of the special meeting.

If your shares are held in street name, you should follow the instructions of your broker or bank regarding revocation of proxies.

All shares represented by valid proxies that WellPoint receives through this solicitation, and that are not revoked, on a timely basis, will be voted in accordance with the instructions on the proxy card or made by telephone or the Internet. If you make no specification on your proxy card as to how you want your shares to be voted before signing and returning it, your proxy will be voted **FOR** the adoption of the merger agreement and the transactions contemplated by the merger agreement. The WellPoint board of directors is currently unaware of any other matters that may be presented for action at the special meeting. If other matters properly come before the special meeting, or any adjournment or postponement thereof, WellPoint intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card. However, proxies that indicate a vote against adoption of the merger agreement will not be voted in favor of adjourning or postponing the special meeting to solicit additional proxies.

WellPoint stockholders should NOT send stock certificates with their proxy cards.

Solicitation of Proxies

WellPoint will bear the entire cost of soliciting proxies from you except as noted above with respect to costs that may be associated with electronic voting and except that Anthem and WellPoint have agreed to share the costs of filing, printing and mailing this document. In addition to soliciting proxies by mail, WellPoint will request that banks, brokers and other record holders send proxies and proxy material to the beneficial owners of WellPoint common stock and secure their voting instructions, if necessary. WellPoint will reimburse the record holders for their reasonable expenses in taking those actions. Anthem and WellPoint have also made arrangements with Georgeson Shareholder Communications, Inc. to assist in soliciting proxies and have agreed to pay a base fee of \$20,000, direct telephone solicitation and shareholder inquiries fees and reasonable out-of-pocket expenses for these services. If necessary, WellPoint may also use several of its regular employees, who will not be specially compensated, to solicit proxies from WellPoint stockholders, either personally or by telephone, e-mail, facsimile or letter.

Record Date

WellPoint has fixed the close of business on May 10, 2004, as the record date for determining the WellPoint stockholders entitled to receive notice of and to vote at the WellPoint special meeting or any adjournment or postponement thereof. At that time, 158,355,635 shares of WellPoint common stock were outstanding, held by approximately 1,233 holders of record.

Voting Rights and Vote Required

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of WellPoint common stock entitled to vote is necessary to constitute a quorum at the special meeting. Abstentions and broker non-votes will be counted solely for the purpose of determining whether a quorum is present. Under the applicable New York Stock Exchange rules, brokers or members who hold shares in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote

Table of Contents

those shares with respect to adopting the merger agreement without specific instructions from such customers. An unvoted proxy submitted by a broker is sometimes referred to as a broker non-vote.

The adoption of the merger agreement requires the affirmative vote of a majority of the shares of WellPoint common stock outstanding as of the record date. You are entitled to one vote for each share of WellPoint common stock you held as of the record date.

As of the record date:

Directors and executive officers of WellPoint and their affiliates beneficially owned or had the right to vote 1,510,172 shares of WellPoint common stock, or less than 1% of the WellPoint common stock outstanding on that date.

Directors and executive officers of Anthem and their affiliates, including Anthem, beneficially owned 100 shares of WellPoint common stock, or less than 1% of the WellPoint common stock outstanding on that date.

To WellPoint's knowledge, directors and executive officers of WellPoint and their affiliates have indicated that they intend to vote their shares of WellPoint common stock in favor of the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

Recommendation of the Board of Directors

The WellPoint board of directors has unanimously determined that the terms of the merger agreement and the transactions contemplated by it are advisable, fair to and in the best interests of WellPoint and its stockholders and unanimously recommends that you vote **FOR** the adoption of the merger agreement and the transactions contemplated by the merger agreement, including the merger.

See THE MERGER WellPoint's Reasons for the Merger; Recommendation of WellPoint's Board of Directors on page 48 for a more detailed discussion of the WellPoint board of directors' recommendation.

Attending the Meeting

If you are a beneficial owner of WellPoint common stock held by a broker, bank or other holder of record, you will need proof of ownership to be admitted to the special meeting. A recent brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of WellPoint common stock held in street name in person at the meeting, you will have to get a written proxy in your name from the broker, bank or other holder of record who holds your shares.

Table of Contents

INFORMATION ABOUT THE COMPANIES

Anthem, Inc.

120 Monument Circle
Indianapolis, Indiana 46204
(317) 488-6000

Anthem is one of the nation's largest publicly traded health benefits companies, serving more than 12.5 million members as of March 31, 2004, primarily in Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Maine, Colorado, Nevada and Virginia, excluding the immediate suburbs of Washington, D.C. Anthem owns the exclusive right to market products and services using the Blue Cross and Blue Shield names and marks in all nine states under license agreements with the Blue Cross Blue Shield Association, an association of independent Blue Cross and Blue Shield plans. As of March 31, 2004, Anthem had total assets of \$13.9 billion and total revenue of \$4.6 billion for the three months ended March 31, 2004.

Anthem's product portfolio includes a diversified mix of managed care products, including health maintenance organizations, or HMOs, preferred provider organizations, or PPOs, and point of service, or POS, plans, as well as traditional indemnity products. Anthem also offers a broad range of administrative and managed care services and partially insured products for employer self-funded plans. These services and products include claims processing, stop loss insurance, actuarial services, provider network access, medical cost management and other administrative services. In addition, Anthem offers its customers several specialty products including group life and disability insurance benefits, pharmacy benefit management, dental, vision and behavioral health benefits services. Anthem's products allow its customers to choose from a wide array of funding alternatives. For its insured products, Anthem charges a premium and assumes all or a majority of the health care risk. Under its self-funded and partially insured products, Anthem charges a fee for services, and the employer or plan sponsor reimburses Anthem for all or a majority of the health care costs.

Anthem's managed care plans and products are designed to encourage providers and members to participate in quality, cost-effective health benefits plans by using the full range of Anthem's innovative medical management services, quality initiatives and financial incentives. Anthem's strong industry position enables it to realize the long-term benefits of investing in preventive and early detection programs. Anthem's ability to provide cost-effective health benefits products and services is enhanced through a disciplined approach to internal cost containment, prudent management of its risk exposure and successful integration of acquired businesses.

For more information on Anthem, see **WHERE YOU CAN FIND MORE INFORMATION** on page 128.

WellPoint Health Networks Inc.

1 WellPoint Way
Thousand Oaks, California 91362
(818) 234-4000

WellPoint is one of the nation's largest publicly traded managed health care companies, serving approximately 15.4 million medical members and approximately 45.9 million specialty members as of March 31, 2004. Through its subsidiaries, WellPoint offers a broad spectrum of network-based managed care plans to the large and small employer, individual, Medicaid and senior segments. WellPoint's managed care plans include PPOs, HMOs, POS plans, other hybrid plans and traditional indemnity plans. In addition, WellPoint offers managed care services, including underwriting, actuarial services, network access, medical management and claims processing. WellPoint also provides a broad array of specialty and other products, including pharmacy benefits management, dental, vision, life insurance, preventive care, disability insurance, behavioral health, COBRA and flexible benefits account administration. As of March 31, 2004, WellPoint had total assets of \$16.0 billion. WellPoint's total revenues were \$5.6 billion for the three months ended March 31, 2004.

Table of Contents

WellPoint markets its products in California primarily under the name Blue Cross of California, in Georgia primarily under the name Blue Cross Blue Shield of Georgia, in various parts of Missouri (including the greater St. Louis area) under the name Blue Cross Blue Shield of Missouri, in Wisconsin primarily under the names Blue Cross Blue Shield of Wisconsin and CompCareBlue and in various parts of the country under the name UNICARE or HealthLink. These products are marketed by WellPoint's various operating subsidiaries throughout the United States.

For more information on WellPoint, see WHERE YOU CAN FIND MORE INFORMATION on page 128.

Table of Contents

REGULATORY AND OTHER APPROVALS REQUIRED FOR THE MERGER

Under the merger agreement, each of Anthem and WellPoint agreed to use its reasonable best efforts to prepare and file as promptly as practicable all documentation to effect all necessary applications, notices, petitions, filings, tax ruling requests and other documents, to obtain as promptly as practicable all consents, waivers, licenses, orders, registrations, approvals, permits, tax rulings and authorizations necessary or advisable to be obtained from any third party and/or any governmental entity in order to complete the merger and the other transactions contemplated by the merger agreement, and to take all actions reasonably necessary to satisfy the closing conditions contained in the merger agreement and to complete the merger.

Notwithstanding the foregoing, neither Anthem nor WellPoint is obligated to agree to, among other things, any condition that would impose any obligation, restriction, limitation, qualification or condition (including any limitation on their ownership or operation of all or any portion of their respective, or any of their subsidiaries, businesses or assets) that would be reasonably likely to have a material and adverse effect on Anthem and its subsidiaries, taken as a whole, or on WellPoint and its subsidiaries, taken as a whole, or which would be reasonably likely to have a material and adverse effect on the expected pro forma financial statements of Anthem following consummation of the merger as agreed by Anthem and WellPoint prior to the date of the merger agreement and which materially differs in character, degree or scope from conditions generally imposed in connection with similar consents or approvals.

A condition to the parties' respective obligations to consummate the merger is that any waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, will have expired or been terminated, any other material governmental regulatory consents and approvals, including certain insurance regulatory approvals, will have been obtained, and that the approval of the Blue Cross Blue Shield Association will have been obtained, in each case, on terms that satisfy the materiality standard described above. The required insurance regulatory approvals include approvals from the domiciliary regulators for each of the insurance company and HMO subsidiaries of WellPoint, related to acquisitions of control or material HMO license modifications. Those domiciliary regulators are insurance or HMO regulators in California, Delaware, Georgia, Illinois, Missouri, Oklahoma, Puerto Rico, Texas, Virginia, West Virginia and Wisconsin. See THE MERGER AGREEMENT Conditions to the Completion of the Merger on page 79.

U.S. Antitrust Filing. Under the HSR Act and the rules and regulations promulgated thereunder, certain transactions, including the merger, may not be consummated unless certain waiting period requirements have expired or been terminated. Each of Anthem and WellPoint filed a Pre-Merger Notification and Report Form pursuant to the HSR Act with the Department of Justice and the Federal Trade Commission in January 2004. Under the HSR Act, the merger may not be consummated until 30 days after the initial filing (unless early termination of this waiting period is granted) or, if the Antitrust Division of the Department of Justice or the Federal Trade Commission issues a request for additional information, 30 days after Anthem and WellPoint have substantially complied with such request for additional information (unless this period is shortened by termination). The Department of Justice obtained clearance from the Federal Trade Commission to review this transaction. On February 26, 2004, the federal antitrust agencies granted an early termination of the waiting period under the HSR Act in connection with the proposed transaction. On that day, the federal antitrust agencies also granted an early termination of the HSR waiting period with respect to the HSR notification of Mr. Schaeffer in which he reported the anticipated number of shares of Anthem voting securities he would acquire upon completion of the merger. On March 9, 2004, the Department of Justice issued a statement announcing the closing of its investigation in connection with the proposed merger. However, at any time between now and the effective time of the merger, and even after the effective time of the merger, the Federal Trade Commission, the Department of Justice, states or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the completion of the merger, to rescind the merger, or to require the divestiture of certain assets of Anthem or WellPoint. Anthem and WellPoint have no reason to believe that a challenge to the merger on antitrust grounds is likely to be made or, if such a challenge is made, that it is likely to be successful.

Table of Contents

Insurance and HMO Laws and Regulations. The merger will, under applicable law, constitute an acquisition of control of WellPoint's insurance company and HMO subsidiaries. WellPoint has insurance company or HMO subsidiaries that are organized under the laws of California, Delaware, Georgia, Illinois, Missouri, Oklahoma, Puerto Rico, Texas, Virginia, West Virginia and Wisconsin. Pursuant to applicable insurance and HMO laws and regulations, and before the merger may be consummated, the insurance commissioner and, where applicable, HMO regulator, in each of these jurisdictions must review and approve the acquisition of control of the insurance company or HMO subsidiary domiciled in its respective jurisdiction. In general, applicable insurance and HMO laws provide that the acquisition of control of WellPoint's insurance company or HMO subsidiary must be approved by the regulator unless, after giving notice and opportunity to be heard, the regulator finds that:

- (1) following the merger, WellPoint's insurance company or HMO subsidiary would be unable to satisfy requirements for the issuance of the insurance and HMO licenses that it presently has;
- (2) the merger would lessen competition substantially or tend to create a monopoly in the state;
- (3) the financial condition of Anthem might jeopardize the financial stability of WellPoint's insurance or HMO subsidiary, or prejudice the interest of its policyholders;
- (4) any plans or proposals of Anthem to liquidate WellPoint's insurance company or HMO subsidiary, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders and not in the public interest;
- (5) permitting the merger would not be in the interest of policyholders and the public because of the competence, experience and integrity of the persons who would control the operations of WellPoint's insurance company or HMO subsidiary after the merger;
or
- (6) after the merger, the surplus to policyholders of WellPoint's insurance company or HMO subsidiary would not be reasonable in relation to its outstanding liabilities or adequate to its financial needs.

Public hearings in connection with these filings and applications may be held at the discretion of the applicable insurance commissioner or HMO regulator and, in some cases, are required by law.

Anthem and WellPoint have made appropriate filings and applications with these insurance and HMO regulators, as specified by applicable insurance and HMO laws and regulations. Approvals have been received from the regulators in Delaware, Missouri, Oklahoma and Wisconsin following public hearings, and from regulators in Illinois, Puerto Rico, Texas, Virginia and West Virginia, where no hearings were required. Approvals remain pending before the regulators in California and Georgia, and Anthem is in the process of providing supplemental information to and responding to questions from these regulators. A public hearing in Georgia has been scheduled for May 19, 2004.

In addition to the filings with and approvals from the domiciliary insurance and HMO regulators described above, pre-acquisition notifications in respect of the merger under state insurance antitrust laws and regulations, or exemption requests, have been filed in certain states in which insurance company or HMO subsidiaries of both Anthem and WellPoint operate. Related waiting periods, generally lasting 30 days, must expire following such filings in order for the merger to occur. Failure to comply with these laws could result in the loss of a license or the right to conduct insurance or HMO business in the state. Moreover, if a regulator finds on the basis of a pre-acquisition notification that the merger would violate certain statutory standards of anti-competitiveness, we may be required to take certain actions, such as divesting from certain lines of business in the state, in order to complete the merger. All such filings have been made and no adverse regulatory actions have been taken.

Blue Cross Blue Shield Association. The Blue Cross Blue Shield Association generally requires that the ultimate controlling entity of an organization be the primary licensee and that the primary licensee guarantee the contractual and financial customer obligations of the licensed subsidiaries that offer Blue Cross and Blue Shield branded products. The merger will result in Anthem becoming the ultimate controlling entity of the

Table of Contents

WellPoint subsidiaries, including those that use the Blue Cross and Blue Shield names and marks. WellPoint holds the exclusive right in California to market its products under the Blue Cross name and mark and holds the exclusive rights in Georgia, Wisconsin and in 85 counties in Missouri (including the greater St. Louis area) to market its products under the Blue Cross and Blue Shield names and marks. WellPoint's rights to use the Blue Cross and Blue Shield names and marks may not be transferred to another entity (in the case of the merger, to Anthem) without the approval of the Blue Cross Blue Shield Association. Anthem and WellPoint submitted a joint application requesting that, in connection with and subject to the completion of the merger, the Blue Cross Blue Shield Association grant to Anthem the licenses for the WellPoint Blue Cross and Blue Shield territories. That application also included Anthem's commitment, subject to the completion of the merger and the granting of the licenses to Anthem, to guarantee the contractual and financial obligations to the customers of certain WellPoint insurance company and HMO subsidiaries. On March 18, 2004, the Board of Directors of the Blue Cross Blue Shield Association unanimously approved the application and the transfer to Anthem of WellPoint's licenses.

While we believe that the remaining requisite regulatory approvals and consents for the merger will be received in a timely manner, we cannot give any assurance regarding the timing of the required approvals and consents or the ability to obtain the remaining required approvals and consents on satisfactory terms or otherwise, or that no action will be brought challenging the merger or the governmental or other actions.

Table of Contents

THE MERGER

The following discussion contains material information pertaining to the merger. This discussion is subject, and qualified in its entirety by reference, to the merger agreement and the financial advisor opinions attached as Appendices to this document. We urge you to read and review those entire documents as well as the discussion in this document.

General

This section provides material information about the merger of Anthem and WellPoint and the circumstances surrounding the merger. The next section of this document, entitled **THE MERGER AGREEMENT** on pages 75 through 89, has additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating the merger agreement.

At the Anthem special meeting, Anthem shareholders will be asked to consider and vote upon a proposal to amend the articles of incorporation and a proposal to issue shares of Anthem common stock in the merger. At the WellPoint special meeting, WellPoint stockholders will be asked to consider and vote upon a proposal to adopt the merger agreement. The adoption of the merger agreement will constitute the adoption of the transactions it contemplates, including, among others, the merger of WellPoint with and into Anthem Holding Corp., a direct wholly owned subsidiary of Anthem.

We are furnishing this document to Anthem shareholders and WellPoint stockholders in connection with the solicitation of proxies by the board of directors of each of Anthem and WellPoint for use at their respective special meeting of shareholders and stockholders and any adjournment or postponement of the meetings.

Structure

The merger agreement provides for the merger of WellPoint with and into Anthem Holding Corp., an Indiana corporation and a direct wholly owned subsidiary of Anthem. Upon the completion of the merger, the separate corporate existence of WellPoint will cease and Anthem Holding Corp. will continue as the surviving entity.

Upon the completion of the merger, WellPoint stockholders will be entitled to receive \$23.80 in cash, without interest, and one share of Anthem common stock for each share of WellPoint common stock that they hold. WellPoint stockholders will receive cash instead of any fractional shares of Anthem common stock that would have otherwise been issued at the completion of the merger. The one share of Anthem common stock that will be issued for each share of WellPoint common stock is sometimes referred to in this document as the exchange ratio. If the number of shares of Anthem common stock or WellPoint common stock changes before the merger is completed because of a reorganization, recapitalization, reclassification, stock dividend, stock split, reverse stock split, or other similar event, then an appropriate and proportionate adjustment will be made to the exchange ratio.

As a result of the merger, Anthem shareholders will own approximately 47% and WellPoint stockholders will own approximately 53% of the outstanding shares of Anthem common stock. These percentages are based on the number of shares of Anthem common stock outstanding or issuable upon exercise of outstanding stock options as of May 10, 2004, and the number of shares of WellPoint common stock outstanding or issuable upon exercise of outstanding stock options as of May 10, 2004.

Upon the completion of the merger, and subject to the requisite shareholder approval, Anthem will amend its articles to change its name to WellPoint, Inc.

Anthem will account for the merger as a purchase for financial reporting purposes. See **ACCOUNTING TREATMENT** on page 90. The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Code for federal income tax purposes. See **MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER** on page 91.

Table of Contents

Background of the Merger

At various times over the years, each of Anthem's and WellPoint's board of directors has engaged with senior management in strategic reviews, including reviews of affiliation opportunities for their respective companies. As part of these reviews, publicly available background information on Anthem and WellPoint and the strategic and financial opportunities of a combination of Anthem and WellPoint were presented and discussed. At various times over the years, senior executives of Anthem and WellPoint have also engaged in informal discussions with respect to a potential business combination transaction involving the two companies.

In early 2003, Larry C. Glasscock, Chairman, President, and Chief Executive Officer of Anthem, and Leonard D. Schaeffer, Chairman and Chief Executive Officer of WellPoint, spoke regarding a possible strategic business combination involving Anthem and WellPoint. During this same period, Michael L. Smith, Executive Vice President and Chief Financial and Accounting Officer of Anthem, and David R. Frick, Executive Vice President and Chief Legal and Administrative Officer of Anthem, and representatives of Anthem's financial advisor spoke in various conversations with David C. Colby, WellPoint's Executive Vice President and Chief Financial Officer, Thomas C. Geiser, WellPoint's Executive Vice President and General Counsel, and a WellPoint financial advisor regarding a potential business combination between Anthem and WellPoint.

At the regularly scheduled meetings of the Anthem board of directors in January, April and early May 2003, Anthem's board was updated by senior management and representatives of Anthem's financial advisor on the preliminary discussions with WellPoint concerning a possible transaction.

On May 19, 2003, Messrs. Smith and Frick and representatives of Anthem's financial advisor met with Messrs. Colby and Geiser and a WellPoint financial advisor. They discussed in general terms transaction structures, governance issues and financial terms of a possible business combination. They also discussed precedent transactions and the value creation opportunities that might be developed through a combination of the two companies.

At a WellPoint board of directors meeting held on May 20, 2003, Messrs. Schaeffer, Colby and Geiser advised WellPoint's board of the preliminary discussions that had occurred with the representatives of Anthem.

On June 3, 2003, WellPoint announced it had entered into an agreement to acquire Cobalt Corporation.

On July 7, 2003, Mr. Glasscock and Mr. Schaeffer met in Washington, D.C. Mr. Glasscock discussed with Mr. Schaeffer transaction structures, governance issues and financial terms of a possible business combination between Anthem and WellPoint. Mr. Schaeffer indicated to Mr. Glasscock that he would advise the WellPoint board of directors of their discussion.

On July 11, 2003, a special telephonic meeting of the Anthem board of directors was held. An update on the discussions with WellPoint was provided to the board by senior management and representatives of Anthem's financial advisor.

On July 11, 2003, a special telephonic meeting of the WellPoint board of directors was held during which Mr. Schaeffer advised the WellPoint board of his discussion with Mr. Glasscock. After the meeting, Mr. Schaeffer telephoned Mr. Glasscock to inform him that WellPoint would not engage in further discussions regarding the terms of a possible business combination with Anthem and would be focused on completing the Cobalt transaction. Mr. Schaeffer also indicated that the WellPoint board of directors had determined to convene an in-person meeting to review the strategic landscape and the strategic alternatives available to it and to be advised fully as to its legal duties and obligations.

At the regularly scheduled meeting of the Anthem board of directors on July 28, 2003, Mr. Glasscock updated the board on the WellPoint board's response.

On August 16, 2003, the WellPoint board of directors held a special meeting and engaged in a comprehensive review of WellPoint's strategic alternatives. At the meeting, the WellPoint board of directors

Table of Contents

was advised by legal and financial advisors of both its duties and obligations and of the various strategic alternatives available to WellPoint.

At its scheduled annual planning meeting held September 9 through September 11, 2003, the WellPoint board of directors, in accordance with its customary practice, received a presentation from its senior management regarding the strategic landscape and strategic alternatives available to WellPoint.

On September 24, 2003, WellPoint completed the Cobalt transaction. On September 25, 2003, Mr. Glasscock called Mr. Schaeffer and reiterated his belief in the strategic and business rationale for a combination of the companies and his desire to engage in discussions regarding the terms of a potential transaction. They agreed to meet on October 3, 2003.

On September 29, 2003, a special telephonic meeting of the Anthem board of directors was held. Mr. Glasscock reported that WellPoint had completed its acquisition of Cobalt. He provided an update regarding the prior discussions between Anthem and WellPoint. He described to the Anthem board a transaction proposal to be submitted to WellPoint. Mr. Smith and representatives of Anthem's financial advisor provided a financial review of the proposed transaction. Mr. Frick and representatives of Anthem's legal advisors reviewed the board's fiduciary duties under Indiana law in connection with the proposed transaction. The Anthem board of directors discussed the terms of the proposal and the potential strategic and economic benefits to be realized from the potential business combination with WellPoint. The Anthem board authorized Mr. Glasscock to continue discussions with WellPoint and to make a proposal to WellPoint for a business combination.

On October 3, 2003, Messrs. Glasscock and Schaeffer met. Mr. Glasscock proposed a transaction structure in which WellPoint would merge with and into a subsidiary of Anthem. WellPoint stockholders would receive a combination of Anthem common stock and cash that, based on the then-current market price of Anthem common stock, would provide WellPoint stockholders with a premium to the then-current market price of WellPoint common stock. In addition, Mr. Schaeffer would be chairman of the board of directors of the combined company; Mr. Glasscock would be chief executive officer of the combined company; and Anthem designees would hold a majority of the seats on the board of directors of the combined company. Mr. Glasscock indicated that the proposal was subject to satisfactory completion of due diligence and the negotiation of a mutually acceptable definitive agreement. Mr. Schaeffer told Mr. Glasscock that he would advise the members of the WellPoint board of directors of the proposal and that it would be worthwhile for the companies to perform due diligence on each other.

During the period from October 8, 2003 through October 11, 2003, senior management and legal, financial and other representatives and advisors of both companies performed due diligence. This process included meetings between Mr. Glasscock, other members of Anthem's senior management and representatives of its financial advisor and Mr. Schaeffer, other members of WellPoint's senior management and representatives of its financial advisor, during which each management team presented an overview of its company and its company's business strategies, plans and forecasts. Both teams discussed the similarities of their respective companies and the opportunities presented by a combination of the two companies. After the senior management discussions, Messrs. Glasscock and Schaeffer met to negotiate further the proposed terms of a potential transaction.

On various dates between October 11, 2003 through October 26, 2003, members of Anthem's management and its legal and financial advisors met or had telephone conversations with members of WellPoint's management and its legal and financial advisors to negotiate the terms of a definitive merger agreement and complete due diligence.

On October 16, 2003, a special telephonic meeting of the Anthem board of directors was held. Mr. Glasscock, senior management and representatives of Anthem's financial advisor provided a comprehensive update of the discussions between Anthem and WellPoint. The results of due diligence also were reported to the Anthem board. The Anthem board of directors reviewed the financial projections, synergy opportunities, financial analysis and financing plans relating to the transaction. The Anthem board of directors thoroughly discussed and considered the strategic rationale for the transaction and the terms of the proposal and

Table of Contents

authorized senior management to continue discussions with WellPoint. Later that day, Mr. Glasscock telephoned Mr. Schaeffer to further discuss the material terms of the Anthem proposal.

The WellPoint board of directors met on October 18, 2003 in Washington D.C. and reviewed the terms of a possible transaction with Anthem. The board considered the strategic alternatives available to WellPoint. The WellPoint board also reviewed in detail the proposal that had initially been made by Anthem and how that proposal had been improved in the course of the negotiation process. It also reviewed the status of discussions between the parties relating to the terms of that proposal. At that meeting, legal counsel advised the WellPoint board regarding the issues presented by the transaction and the board received a presentation from its financial advisors regarding the proposed transaction.

On October 24, 2003, the WellPoint board of directors held a telephonic meeting and received an update on the proposed transaction with Anthem. Legal counsel reviewed with the WellPoint board a proposed merger agreement with Anthem and the board was briefed upon and considered the various unresolved issues regarding the proposed transaction.

On October 25, 2003, Mr. Glasscock and Mr. Schaeffer met to continue to negotiate the terms of the proposed transaction. Those negotiations continued on October 26, 2003 by telephone.

On October 26, 2003, the WellPoint board of directors held a special meeting in Aurora, Colorado at which it considered the terms of the proposed transaction with Anthem. It considered the increase in the transaction consideration that had been proposed by Anthem, together with the other changes in the terms of the transaction from those that had been considered by the board at its earlier meetings. The board also reviewed with its legal advisors the fiduciary duties of the directors under the circumstances. The board's financial advisor, Lehman Brothers, provided a detailed analysis of the financial terms of the proposed combination and an oral opinion, which was subsequently confirmed by delivery of a written opinion dated October 26, 2003, that, as of that date, the consideration to be offered to WellPoint's stockholders was fair, from a financial point of view, to those stockholders. At the conclusion of the meeting, the board of directors of WellPoint unanimously approved the merger agreement and authorized its execution.

Anthem's board of directors met on October 26, 2003 in Indianapolis, Indiana. Mr. Glasscock reviewed the activities and discussions of the previous few weeks, and presented a summary of the proposed transaction, the rationale that supported the proposed transaction, and the financial and strategic benefits that the proposed transaction was expected to create. Mr. Smith and other members of Anthem management presented the financial forecast and synergies upon which the merger valuation was predicated and outlined the findings of the due diligence process. Representatives of Anthem's legal advisors reviewed in detail with the Anthem board of directors information regarding the proposed transaction, including a comprehensive overview of the terms of the merger agreement. Representatives of Anthem's legal advisors also reviewed with the Anthem board of directors the fiduciary duties of the directors under Indiana law in connection with the proposed transaction. At this meeting, representatives of Anthem's financial advisor, Goldman Sachs, reviewed the financial terms of the merger agreement, presented certain detailed financial analyses conducted in connection with the proposed transaction and delivered an oral opinion, which was subsequently confirmed by delivery of a written opinion dated October 26, 2003, that, as of that date, the \$23.80 in cash and one share of Anthem common stock to be paid for each outstanding share of WellPoint common stock pursuant to the merger agreement was fair, from a financial point of view, to Anthem. At the conclusion of the meeting, the Anthem board of directors unanimously approved the merger agreement and authorized the execution thereof.

Following the meetings of the board of directors on October 26, 2003, Anthem and WellPoint executed the merger agreement.

On October 27, 2003, the parties publicly announced the proposed merger.

On November 26, 2003, Anthem and WellPoint agreed to amend and restate the merger agreement with effect as of October 26, 2003.

Table of Contents

Anthem's Reasons for the Merger; Recommendation of Anthem's Board of Directors

The Anthem board of directors believes that the merger presents a unique opportunity to combine and expand two complementary health benefits companies. The Anthem board consulted with financial and other advisors and determined that the merger was consistent with the strategic plans of Anthem and was in the best interests of Anthem and its shareholders. In reaching its conclusion to approve unanimously the articles amendment and the merger agreement, the Anthem board considered a number of factors, including the following:

Strategic growth. The Anthem board observed that the merger of Anthem and WellPoint will provide an excellent opportunity to expand Anthem's products and services to new regions as well as to capitalize upon Anthem's and WellPoint's business models. The Anthem board took note of the fact that WellPoint is one of the nation's largest health benefits companies, with approximately 14 million medical members and approximately 44.7 million specialty members, and that, after the merger is completed, Anthem is expected to be the largest publicly traded health benefits company as measured either by revenues or by medical membership. In addition, the Anthem board took into account the opportunity to share WellPoint's best practices, which include (1) WellPoint's history of growth in profitable enrollment; (2) WellPoint's operating efficiencies as demonstrated by its operating margins; (3) WellPoint's strong management and operating expertise; and (4) WellPoint's outstanding sales and marketing operations.

Synergies. The Anthem board observed that the synergies expected from the merger should result in expense savings and revenue enhancements. The Anthem board took into account the fact that the parties expect at least \$50 million in post-closing pre-tax synergies in 2004 and at least \$250 million in annual pre-tax synergies by 2006. The synergy opportunities outlined by Anthem's management included Anthem's expectation to: (1) save approximately \$75 million per year by developing technologies that can be shared by both companies; (2) consolidate certain existing data center functions; (3) take advantage of volume discounts and eliminating duplicate software licenses and other technology redundancies; (4) save approximately \$50 million annually through the elimination of Anthem's and WellPoint's redundant public company costs, reduced legal and audit fees, reduced insurance expenses, the elimination of redundant shareholder services and the elimination of other back office redundancies; (5) generate approximately \$75 million through a combination of additional penetration of specialty products to the combined customer base of the companies and savings resulting from the elimination of redundancies in the specialty business operations and (6) save approximately \$50 million per year through the elimination of redundancies in each of the companies' regional operations.

Similar corporate cultures. The Anthem board considered (1) Anthem management's belief that Anthem and WellPoint have similar corporate cultures (based in part on their common heritage as Blue Cross and Blue Shield licensees) and values, which are focused on providing quality products, results with integrity and services to customers, (2) the complementary nature of the two companies' operations and operating regions, and (3) the experience, reputation and financial strength of WellPoint. In addition, Anthem's board considered WellPoint's operating philosophy, which, like Anthem's, provides for local management and decision-making responsibilities, thereby allowing local management to deliver products and services more effectively to members and to interact closely with hospitals, doctors and other health professionals.

Trends in the health benefits industry. The Anthem board considered the current environment and trends in the health benefits industry, including regulatory uncertainties related to managed care generally and industry consolidation. The Anthem board considered the likelihood that the increased size and scope of Anthem (after the completion of the merger) would place it in a better position to take advantage of growth opportunities, meet competitive pressures and serve customers more efficiently.

Effect on earnings per share. The Anthem board noted Anthem management's view that, assuming the projected synergies are realized, the merger is expected to be essentially neutral to Anthem's 2004 earnings per share and is expected to be accretive to earnings thereafter. In addition, realizing such synergies should allow Anthem to continue its strategy of generating at least 15% earnings per share growth annually for its shareholders.

Table of Contents

Revenue and revenue enhancements. The Anthem board took note of the opportunity for additional penetration of Anthem's specialty products into WellPoint's customer base, as well as the ability to potentially offer WellPoint's programs to Anthem's customer base. The Anthem board further noted the fact that the combined company is anticipated to have cash flows between \$2.0-2.5 billion, well in excess of anticipated net income.

Additional growth. The Anthem board noted that there is ample opportunity for WellPoint to sustain growth in its core health benefits offerings. As one of the nation's largest health benefits companies, WellPoint is one of the most uniquely positioned health plans in the nation in terms of market advantages. In addition, the Anthem board considered the size and scope of Anthem (after the completion of the merger) which would allow it to compete more effectively in an increasingly competitive market for health benefits, to be in a better position to take advantage of growth opportunities and to serve customers more efficiently. The Anthem board determined that, in its judgment, the combined company would be financially stronger, with a broader customer base and more diverse revenue stream, than Anthem would be if it did not pursue the merger.

Merger consideration and stock prices. The Anthem board took into account the fact that the consideration to be paid in the merger is generally consistent with recent comparable transactions in the health benefits industry specifically and other large mergers generally. In connection with this review, the Anthem board also considered the relative contributions of Anthem and WellPoint to certain pro forma income statement and balance sheet items as prepared by Anthem management. The Anthem board also took note of the historical and current market prices of Anthem common stock and WellPoint common stock.

Financing. The Anthem board considered Anthem's ability to borrow and repay the funds needed for the cash portion of the merger consideration and for transaction costs, on both a short and long-term basis. The Anthem board reviewed possible funding needs for potential future transactions, including Anthem's share repurchase program and the repurchase of the surplus notes of Anthem Insurance Companies, Inc. The Anthem board also noted the likely impact of a borrowing on Anthem's financial strength and credit ratings.

Personnel. The Anthem board considered the fact that, upon the completion of the merger, Leonard D. Schaeffer, the current Chairman and Chief Executive Officer of WellPoint, will become the Chairman of Anthem and that, unless he earlier resigns, retires or is unable to serve, or unless the board of directors removes him by an affirmative vote of not less than 80% of its members, he will retire from the board of directors by the second anniversary of the completion of the merger. The Anthem board also considered the fact that, upon completion of the merger, Larry C. Glasscock, the current Chairman, President and Chief Executive Officer of Anthem, will remain the President and Chief Executive Officer of Anthem until at least the second anniversary of the completion of the merger, unless he earlier resigns, retires or is unable to serve, or unless the board of directors removes him by an affirmative vote of not less than 80% of its members, and that he will succeed Leonard D. Schaeffer as the Chairman of the board of directors of Anthem. The Anthem board also considered the fact that upon completion of the merger, certain officers of Anthem and WellPoint will serve as officers of Anthem and that the board of directors of Anthem will have 19 members, consisting of 11 current members of Anthem's board of directors designated by Anthem (including Larry C. Glasscock) and eight current members of WellPoint's board of directors designated by WellPoint (including Leonard D. Schaeffer).

Recent acquisitions. The Anthem board also noted Anthem's and WellPoint's records of successfully integrating past acquisitions without sacrificing continuous improvement in profitability.

Continuity. The Anthem board considered the ability of Anthem to maintain continuity of management and of corporate structure after the completion of the merger, including retention of 11 directors representing a majority on the board of directors of Anthem, the President and Chief Executive Officer positions and key executives in its regional operations, as well as its governing documents under the proposed merger.

Due diligence. The Anthem board considered the reports of Anthem management and outside advisors concerning the following areas of WellPoint: marketing and operations; underwriting, actuarial and risk management; finance and accounting; legal and regulatory; information technology; and human resources.

Table of Contents

Tax treatment. The Anthem board considered that the intended treatment of the merger would be as a reorganization within the meaning of Section 368(a) of the Code.

Regulatory approvals and clearances. The Anthem board considered its belief, after consultation with its legal counsel, that the regulatory approvals and clearances necessary to complete the merger would be obtained.

Transaction agreements. The Anthem board reviewed the terms of the merger agreement.

Articles and bylaws amendments. The Anthem board reviewed the articles amendment and the bylaws amendment that are contemplated by the merger agreement and has, subject to the completion of the merger, approved the articles amendment and approved and adopted the bylaws amendment.

Goldman, Sachs & Co. opinion. The Anthem board evaluated the financial analyses and presentation of Goldman, Sachs & Co. as well as its opinion that, based on and subject to the considerations set forth in the opinion and other matters that Goldman Sachs considers relevant, the merger consideration is fair, from a financial point of view, to Anthem. We have described the opinion of Goldman Sachs in detail under the heading THE MERGER Opinion of Anthem's Financial Advisor Goldman, Sachs & Co. on page 51.

The Anthem board of directors also considered a number of potentially negative factors in its deliberations concerning the merger, including:

that Anthem shareholders as a group would control less than a majority of Anthem after the completion of the merger;

the risk that the merger might not receive the necessary regulatory approvals and clearances to complete the merger or that governmental authorities could attempt to condition their approval of the merger on the companies' compliance with certain burdensome conditions;

the pendency of the merger for many months following the announcement of the execution of the merger agreement could have an adverse impact on Anthem;

the \$550 million fee that would be payable by Anthem to WellPoint if the merger agreement is terminated under certain circumstances, as described under the heading THE MERGER AGREEMENT Termination Fees on page 88;

entering into the merger agreement may preclude Anthem from pursuing other opportunities that were potentially available to it and other opportunities that might become available during the period of many months during which the merger would be pending;

the possibility of encountering difficulties in achieving cost savings and revenue synergies in the amounts currently estimated or in the time frame currently contemplated; and

the possibility that the process of planning for the integration of Anthem and WellPoint and the regulatory approval process and effects might adversely affect the ability of Anthem to meet its existing business performance targets.

The Anthem board of directors weighed the advantages and opportunities of the merger against the disadvantages and challenges inherent in the combination of two business enterprises of the size and scope of Anthem and WellPoint and the possible resulting diversion of management attention for an extended period of time. The Anthem board realized that there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding price-to-earnings multiples, potential revenue enhancements, anticipated cost savings and earnings accretion. However, the Anthem board concluded that the potential positive factors related to the merger outweighed the potential negative factors related to the merger.

The foregoing discussion of the information and factors considered by the Anthem board of directors is not exhaustive, but includes all material factors considered by the Anthem board. In view of the wide variety of factors considered by the Anthem board in connection with its evaluation of the merger and the complexity of such matters, the Anthem board did not consider it practical to, nor did it attempt to, quantify, rank or

Table of Contents

otherwise assign relative weights to the specific factors that it considered in reaching its decision. The Anthem board discussed the factors described above, asked questions of Anthem's management and Anthem's legal and financial advisors, and reached general consensus that the merger was advisable and in the best interests of Anthem and its shareholders. In considering the factors described above, individual members of the Anthem board of directors may have given different weight to different factors. It should be noted that this explanation of the Anthem board's reasoning and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS" on page 27.

At a special meeting held on October 26, 2003, after due consideration with financial and legal advisors, the Anthem board of directors unanimously approved the merger agreement and the articles amendment. Accordingly, the Anthem board of directors unanimously recommends that Anthem shareholders vote FOR the issuance of Anthem common stock in the merger and the articles amendment.

WellPoint's Reasons for the Merger; Recommendation of WellPoint's Board of Directors

In adopting the merger agreement, the WellPoint board of directors considered a number of factors, including the factors discussed in the following paragraphs. In view of the number and wide variety of factors considered in connection with its evaluation of the merger, the WellPoint board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination. The WellPoint board of directors viewed its position and recommendations as being based on all of the information and factors presented to and considered by it. In addition, individual directors may have given different weight to different information and factors.

In reaching its decision, the WellPoint board of directors consulted with WellPoint management with respect to strategic and operational matters. The WellPoint board of directors also consulted with WellPoint's legal counsel with respect to the merger agreement and related issues. Additionally, the WellPoint board of directors consulted with Lehman Brothers Inc. with respect to the financial aspects of the transaction and received a fairness opinion from such financial advisor.

Strategic nature of transaction. The WellPoint board considered the benefits that would be derived from the complementary strengths and regional coverage of the two companies, including the superior growth opportunities for the combined company. After the merger is completed, the combined company is expected to be the largest publicly traded health benefits company as measured by either revenues or medical membership. The combined company will have pro forma annual revenues of over \$30 billion, over \$37 billion in assets on a pro forma basis and approximately 25 million medical members, which will solidify the combined company's position as a health benefits industry leader. Under the WellPoint board's leadership, in 1996 WellPoint began implementing a strategy of achieving geographic diversity, and the WellPoint board believed that this transaction would be the culmination of that strategy. The WellPoint board also considered this size and scope, which would allow the combined company to compete more effectively in the increasingly competitive market for health benefits and to better face the many challenges and opportunities presenting the health insurance industry, such as aging of the Baby Boomer generation, the expansion of consumer expectations of the health care system and the introduction of new medical technologies. The WellPoint board believed that the combined company would be financially stronger, with a broader customer base and more diverse revenue stream, than WellPoint would be as an independent entity.

Financial terms of the merger. The WellPoint board considered the relationship of the consideration to be paid pursuant to the merger to recent and historical market prices of WellPoint common stock. The merger consideration represents an implied value for one share of WellPoint common stock as of October 24, 2003, the last business day prior to the announcement of the merger transaction, of \$101.06, based on the closing price of Anthem common stock on that date. This implied value represents a 20.41% premium over the \$83.93 closing price of WellPoint common stock on October 24, 2003. The implied value also represented a premium over the historical average trading price of WellPoint common stock during recent periods.

The WellPoint board also considered the form of the merger consideration to be received in the merger by the holders of WellPoint common stock. The WellPoint board considered the certainty of the value of the

Table of Contents

cash component of the merger consideration as well as the ability of holders of WellPoint common stock to become holders of Anthem common stock and participate in the future prospe