



quality care ::



improved health ::



access ::



affordability ::



part of the solution

2004 Summary Annual Report

WellPoint, Inc.

WellPoint, Inc. was launched on November 30, 2004, with the merger of Anthem, Inc. and WellPoint Health Networks Inc. We serve nearly 28 million medical members nationwide. WellPoint, Inc. is an independent licensee of the Blue Cross Blue Shield Association in 13 states. We also serve members through other businesses, including UniCare and HealthLink. For an overview of WellPoint, Inc., please see page 26.

WellPoint :: part of the solution

Health care in the United States faces tough challenges: rising costs, concern about the uninsured, gaps in the quality of care, resources strained by chronic disease and unhealthy lifestyles.

WellPoint is part of the solution. We work to make quality health care coverage affordable and available to millions of Americans, and to improve the health of the people we serve. In communities across the country, we offer innovative products and distinctive service to give people the options and services they need.

We have created the nation's leading health benefits company with the resources to play a leading role in achieving the full potential of our nation's health care system.

In this report, we address questions related to key health care challenges: affordability, access, quality care and improved health. We also explain what WellPoint is doing to help achieve these goals.

What is the cause of rising health insurance premiums?

Premiums have risen to keep pace with the growing cost and use of health care services. Key drivers include the growing health care needs of an aging population, the cost of new technology and the increased use of prescription drugs. Other factors that add to the cost of health care are legally mandated benefits, unwarranted litigation and medical malpractice insurance.

What can be done to provide health insurance for Americans who aren't covered?

Educate those who can afford insurance on the importance of having coverage and the availability of affordable options—and develop new products to meet their needs. Enroll the uninsured who are eligible for existing government programs. Extend coverage to low-income Americans who don't qualify for government programs through tax credits to help them buy insurance and targeted extensions in current programs.

With the cost of care already rising, how can we afford to improve health care quality?

Quality care can, and usually does, cost less. That's why WellPoint's quality programs can provide increased reimbursement to hospitals and physicians based in part on achieving improved quality measures. By averting medical errors, improving outcomes and increasing efficiency, quality care reduces costs. So the same quality programs that help improve members' health also help hold down their health care costs.

Should WellPoint offer health improvement programs that add to administrative costs?

Yes. WellPoint's health improvement programs—such as helping members manage chronic disease—contribute to our members' health. And while they may increase administrative costs, such programs can reduce overall costs. The fact is, we're bringing down average administrative expense even as we increase our investments in health improvement and information technology to better serve our members.

affordability The rising cost of health benefits is straining the budgets of governments, employers, families and individuals. WellPoint is achieving administrative cost savings in what we do while helping hold down the cost of care. We're also helping people manage their own health care costs.

the challenge :: Holding down the rise in health care costs

The cause of rising health insurance premiums is the rising cost of health care itself. Nationally, about 87 cents of every dollar of private health insurance goes to health care products and services, and 13 cents to administration. More than half of each private health insurance dollar is spent on hospital care and physician services.

As the graph on page 8 shows, health expenditures have risen from 7 percent of Gross Domestic Product (GDP) in 1970 to over 15 percent in 2004—during a period when GDP has grown more than any other time in our nation's history. That figure is expected to reach 17 percent by 2010.

A combination of factors is driving health care costs higher. These include the increased cost and use of medical services, prescription drug use, expensive new technology, an aging population, legally mandated benefits, and medical malpractice insurance costs.

our part :: What we can do about rising health care premiums

WellPoint is taking action to stem the rise in health care premiums. We're also helping consumers take more control of their own health care spending.

Focusing on our own costs. In the past several years, we have significantly reduced administrative costs as a share of revenues. The merger of Anthem, Inc. and WellPoint Health Networks Inc. provides substantial opportunities for operating synergies and cost savings. Synergies are expected to be at least \$250 million a year by 2006. Our merged company is also able to spread fixed administrative costs and overhead over a much larger membership base, helping to hold down premium increases for our members.

We're also helping hold down the cost of prescription drugs through efficient pharmacy benefit management services. (Please see pages 8–9.)

Helping contain the cost of care. One way to rein in health care costs is to improve quality—because quality care can actually cost less. The Institute of Medicine reported in 2000 that medical errors cost an estimated \$38 billion annually. By collaborating with hospitals, physicians and



other health care professionals to improve clinical performance, WellPoint is helping to reduce the costs that everyone must bear.

We're also helping to reduce the cost of care through programs to assist members in managing chronic, and often serious, medical conditions. We provide coaches and other support to help these members stay healthier and avoid the need for hospitalization and other costly treatment.

Helping consumers manage their own costs. WellPoint is developing products that give consumers more choice and control over their expenses, and we're helping them make informed decisions about their health care.

Our Anthem ByDesign HSA couples a high-deductible health plan with a Health Savings Account (HSA)—just one example of many HSA options offered by WellPoint companies. The high-deductible plan offers lower premiums, while the HSA provides members with a tax-free way to pay for expenses within the deductible while saving for future health costs.

We are also providing consumers with information that can help them make good choices and save money on health care—for example, by using more affordable generic drugs.

Our GenericSelect programs offer commercial members a discounted co-payment—in many cases \$0—for their first generic prescription. Blue Cross Blue Shield of Missouri's program offers free refills for up to six months. In California, GenericSelect has increased the use of generic drugs in the covered categories by nearly five percentage points in the past year.

The Think Generics program offers many Anthem Blue Cross and Blue Shield members an opportunity to try a complimentary sample of a new prescription for an eligible generic medication. Members who have continued to use the generic drug have saved an average of \$26.86 per prescription.

WellPoint is also offering Medicare discount drug cards throughout each of our states. As of January 2005, we issued over 338,000 cards, making us one of the nation's largest issuers.

Health care consumes a growing share of our resources ::

National Health Spending as a Share
of Gross Domestic Product ::



*Projected

Source: Centers for Medicare and Medicaid Services

our part :: affordability. WellPoint members are saving money and trips to the pharmacy by using our pharmacy benefit management services. We operate mail order pharmacy centers in Mason, Ohio, and Fort Worth, Texas. Our pharmacies combine state-of-the-art automation with multiple quality and safety checks by licensed pharmacists to achieve high levels of efficiency and accuracy. Pharmacist Robin O'Hara is pictured at right in our Mason center.

WellPoint's pharmacy benefit management services improve safety and reduce the cost of prescription drugs, by operating efficiently and by providing information to members to help them manage their use of medications.

WellPoint companies also help members reduce the cost of medications through programs that make it easier to try generic drugs. And our innovative reference pricing programs—such as Blue Freedom Rx, offered by Blue Cross Blue Shield of Georgia—provide broader choice of pharmacy benefits and more control over out-of-pocket expenses.



access There are many reasons why people don't have health insurance, and many reasons why people don't have access to appropriate care. WellPoint is creating products to reach more of the uninsured, while helping to develop other solutions to expand access.

the challenge :: Ensure that all Americans can get the care they need

The Census Bureau reports that there were 45 million uninsured persons in the United States in 2003, the most recent year for which data is available. But, as the graph on page 12 shows, the uninsured are not all alike, and there is no single solution that can reach them all.

About one-third of the uninsured are eligible for existing government programs, and a similar number have incomes high enough to buy insurance. The remainder—those with low incomes who are not eligible for existing government programs—are likely to be in low-wage jobs for small employers who do not provide health insurance.

Low-income uninsured individuals and families lack access to preventive care and treatment for basic health problems. For these Americans, health care is often too little or too late. As a result, society bears the cost of caring for advanced health problems that could have been prevented or managed at an earlier stage. And insured patients, and taxpayers, end up shouldering costs of caring for those without coverage.

In addition to a lack of coverage, there are other barriers that keep people from receiving appropriate health care. These include a shortage of health care facilities and professionals in some rural and inner-city communities, language or cultural barriers, or the inability to navigate the complexities of the health care system.

Stepping up to expand health care access represents a very real opportunity to improve Americans' health, to reduce health care costs, and to broaden the pool of insured patients to make health care work better for all.

our part :: What WellPoint is doing to expand access to health care

Reaching more people with a choice of affordable coverage options. Health benefits companies can be part of the solution by reaching the uninsured who can afford coverage in the private market. WellPoint is actively marketing products with pricing and features that provide value to



people who don't think they need insurance. One such product is Tonik—aimed at “young invincibles” aged 19 to 29. (Please see pages 12–13.)

By giving people good reasons to buy coverage, and by providing more affordable options to more people, we can reduce the number of uninsured Americans. In 2004, WellPoint companies provided new individual policies to an estimated 375,000 people who had previously been uninsured.

Finding ways to provide coverage to low-income Americans. The most difficult challenge is covering the uninsured who can't afford private insurance and aren't eligible for existing government programs. As the nation's leading health benefits company, WellPoint believes we have a responsibility to help shape public policy solutions to address this challenge.

First, our nation can make insurance more affordable by offering refundable tax credits to small employers and low-wage workers, and by allowing greater flexibility to offer lower-cost coverage. At the same time, we should implement targeted extensions in current government programs to reach more low-income Americans.

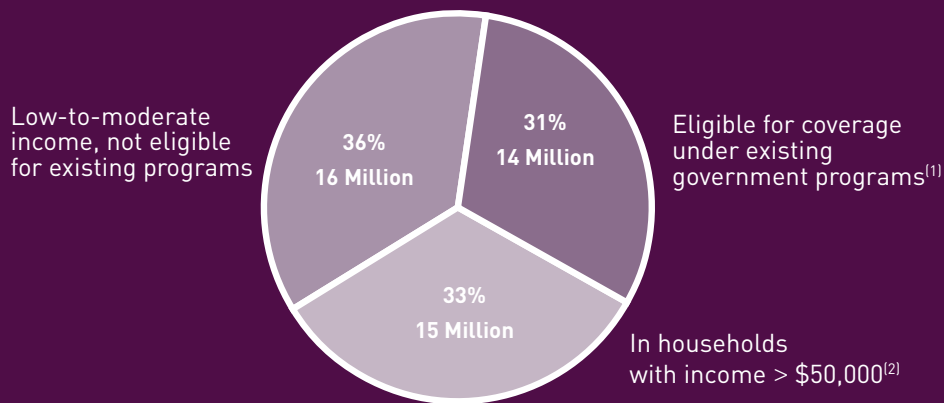
Overcoming other barriers to health care access. Of the 6 million people who do not have health insurance in California, more than 3 million are Hispanic. In 2004, Blue Cross of California began to accept the Matricula Consular—an identification card issued by Mexican consulates to their citizens living in the United States—as a valid form of identification to buy health insurance.

Anthem Blue Cross and Blue Shield's Web site, Anthem.com en Español, serves the growing Hispanic population with customized and culturally sensitive information. A special feature of the site, MiSalud@Anthem, offers health news, provider information and other tools to help Spanish-speaking members manage their health care.

WellPoint is also working to overcome the barriers created by a lack of local health care resources in many communities. We support community clinics, telemedicine and mobile care initiatives to improve access in under-served areas of many of our states. To take just one example, through its funding of free clinics during the past decade, Anthem Blue Cross and Blue Shield in Virginia has supported more than \$30 million worth of medical services for low-income Virginians.

The uninsured are not all alike ::

Persons Without Health Insurance
in the United States, 2003 ::



Source: (1) Blue Cross Blue Shield Association
(2) U.S. Census Bureau

our part :: access. Tonik is a health plan we've designed for "young invincibles." Justin Doss (at right in the photo) is a 26-year-old information technology professional in Oxnard, California, who was uninsured—until he went to tonik.com. There he found health insurance that speaks his language and three plans with monthly premiums of \$80 or less. Justin chose the "Calculated risk-taker" plan.

All Tonik plans include doctor visits with co-pays of \$20 to \$40, as well as low-cost health screenings, to encourage members to use preventive health services and take care of ailments before they get worse. To keep things simple, eyeglasses and dentist visits are also included without the need for separate vision or dental policies. And Tonik plans offer discounts on services, such as fitness center memberships, that are attractive to young people who think they'll never have to use their medical coverage.



quality care America's health care system often delivers the best care in the world, but there is wide variation in the quality of care that individuals receive. WellPoint is working with physicians and other health professionals to help them achieve consistently high standards of quality through nationally accepted, evidence-based practices.

the challenge :: Consistently maintain the highest standard of care

Ultimately, the goal of health benefits is access to quality care. Yet, as the graph on page 16 shows, even patients with the best available coverage receive recommended care only about 55 percent of the time. The figure comes from a study that looked at a range of conditions where best practices have been identified through scientific research and clinical studies. It also found that 11 percent of the time patients received care that could be potentially harmful.

Closing this gap is a real opportunity to save lives. A report by the National Committee for Quality Assurance found that 70,000 lives could be saved each year by providing appropriate care in just eight key areas, such as screening for certain types of cancer and controlling high blood pressure.

We can save health care resources. We can save lives. In a world of rapidly growing medical knowledge, physicians and other health professionals need timely access to information on best practices. But our health care system lacks commonly applied protocols of care, based on evidence from outcomes among a broad population.

Health care also lacks common processes for recording and transferring patient data seamlessly, with consistently high standards of privacy. Health care professionals need access to comprehensive patient data at the point of care—a key step in improving health care safety and quality. This will require systems for capturing patient data from hospitals, doctors' offices, labs, pharmacies and other sources.

our part :: What WellPoint is doing to enhance health care quality

Collaborating to improve quality and safety. Anthem Blue Cross and Blue Shield has long been a leader in the health benefits industry in collaborating with hospitals on extensive quality programs. (Please see pages 16–17.) And approximately 15,000 physicians in Anthem Blue Cross and Blue Shield networks receive a portion of their reimbursement for improving care to our members.



For example, hospitals selected for Anthem Blue Cross and Blue Shield's Coronary Services Centers program in Indiana, Kentucky and Ohio must meet stringent clinical quality standards for patient care and outcomes for certain cardiac procedures. Since the program's inception in Ohio more than 10 years ago, its hospitals in the state have seen a 38-percent decrease in mortality rates.

Another pioneer in pay-for-performance, Blue Cross of California paid \$57 million in bonus payments to 134 medical groups in 2003 based on quality criteria. Blue Cross of California is also a member of a coalition of six health plans that awarded \$50 million in bonus payments to 215 physician groups in 2004 based on clinical benchmarks.

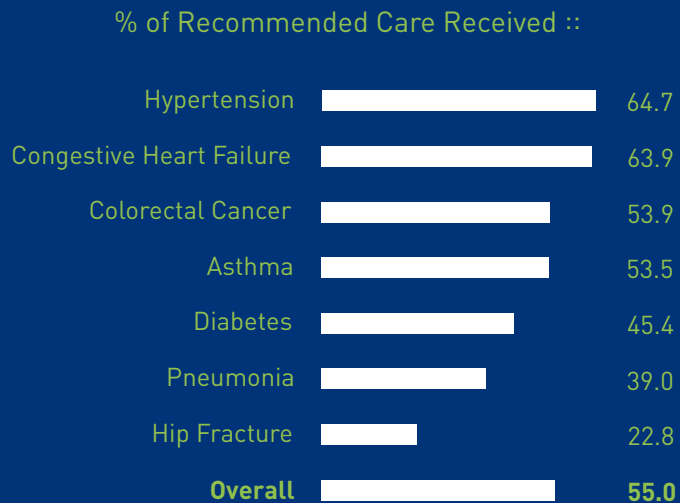
These types of programs have been expanded to other WellPoint companies. In general, we provide incentives based on clinical measures that are widely accepted, improve with intervention, and are known to improve quality of life. These range from preventive screenings to treating chronic conditions such as asthma and high blood pressure. We also address quality from a consumer's perspective by quantifying member satisfaction and customer service.

Anthem Blue Cross and Blue Shield was recognized by the Blue Cross Blue Shield Association in 2004 for developing medical policy in collaboration with physicians. Our medical policy model builds consensus with professionals on complex scientific issues. The first collaborative efforts included national scientific forums that helped shape our medical policy on bariatric surgery and bone marrow transplantation.

Supporting adoption of evidence-based care. A key benefit of the merger that created WellPoint, Inc. is the opportunity to use our national database and combined information technology resources to help make evidence-based medicine the standard of care for all.

We can aggregate statistics across our database while also protecting the privacy of each individual. Then medical professionals can use sophisticated analysis to determine the best course of treatment, based on the evidence of patient outcomes.

Patients often don't receive recommended care ::



Source: Elizabeth A. McGlynn et al., RAND Health, 2003

our part :: quality care. Anthem Blue Cross and Blue Shield's Quality-in-Sights Hospital Incentive Program in Virginia rewards hospitals for improvements in patient safety, patient health and patient satisfaction. The 16 hospitals that participated in the first year of Q-HIP in 2004 are receiving a total of \$6 million for actively working to implement nationally recognized care and safety practices that can save lives. Q-HIP hospitals performed above the national average on key measures. In 2005, 45 Virginia hospitals, which account for 75 percent of Anthem member admissions in the state, participate in Q-HIP.

John E. Brush, Jr., M.D. (pictured in his office) chairs the American College of Cardiology Virginia Quality Leadership Council, and he helped develop the cardiac measures in the Q-HIP program. Dr. Brush practices at Sentara Norfolk General Hospital, which was among the first participants in Q-HIP.



improved health Health care in the United States faces growing challenges from an aging population, chronic diseases and unhealthy lifestyles. WellPoint is addressing these challenges by providing members with information and support to help them be as healthy as they can be.

the challenge :: Go beyond improving health care to improving health

Our nation's success in helping people live longer is creating new challenges for the health care system. As the graph on page 20 clearly shows, the number of Americans over age 65 is going to rise dramatically in the next 25 years, increasing demand for health care resources. The Federal Administration on Aging reports that individuals over 65 are hospitalized at over three times the rate of younger individuals.

Chronic disease and unhealthy lifestyles are also increasing pressure on our health care resources. Nearly one-third of Americans over age 20 are estimated to be obese. Studies have shown that obesity increases the risk of developing a number of health conditions including diabetes, asthma and congestive heart failure, and it significantly complicates other diseases.

As a result, there is a growing emphasis on helping people stay as healthy as they can. This creates a new role for health benefits companies—to help people get more involved in their own health care and to provide them support in taking more responsibility for their health. In particular, we can meet their need for health information that they can find, understand and use.

our part :: What WellPoint is doing to improve the health of the people we serve

Helping members manage their chronic conditions. WellPoint companies identify members who can benefit from assistance in managing chronic conditions such as diabetes, asthma and heart failure. Proactive care management programs work closely with members who are at highest risk from chronic illness. As a result, they are less likely to suffer serious problems that require more extensive care. A study of one such program for our members in Connecticut, Maine and New Hampshire found that the percentage of participants admitted to the hospital in a given year declined from 23 percent to 9 percent in three years.

We have also found significant decreases in hospitalization for our UniCare members enrolled in disease-related health improvement programs. Hospital days declined by 18 percent for participating members with asthma and by 5 percent for those with congestive heart failure.



Meeting the needs of the 7 percent of WellPoint members most at risk from chronic and complex conditions accounts for 63 percent of our medical costs. By helping these members manage their conditions, we not only help them live healthier lives, but also reduce health care costs to keep premiums affordable.

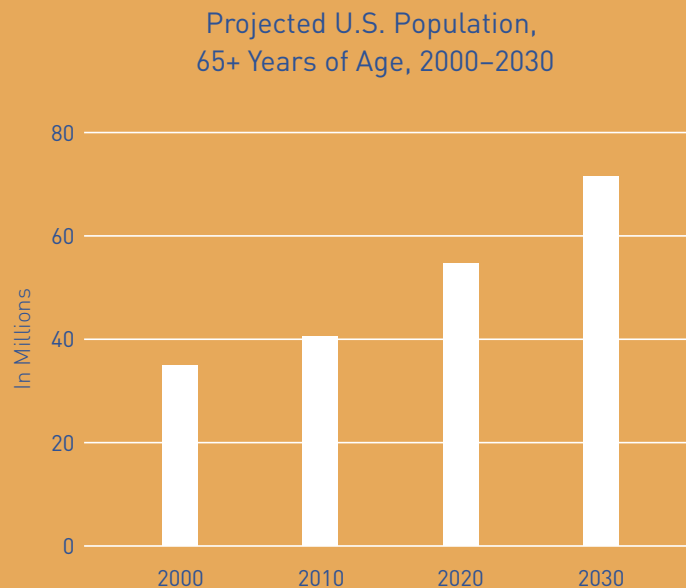
Providing information for healthy decisions. WellPoint's Healthy Parenting initiative is a multi-faceted education effort to curb child and adolescent obesity, promote active lifestyles and help people stop smoking.

Through Healthy Parenting, WellPoint supports communications initiatives that assist health care and teaching professionals in educating our communities on prevention, detection and management of health conditions. Examples of this kind of support are the "Healthy Habits for Healthy Kids" guide (Please see pages 20–21.) and a doctor's desktop reference tool for counseling families with overweight children.

Through outreach and education efforts, Blue Cross of California reduced inappropriate emergency room visits and increased primary care visits among members of the state's Healthy Families program served by Blue Cross. The Member Rewards Program, a partnership with Wal-Mart, offers parents in the Healthy Families program a choice of gifts—thermometer, helmet set, car seat, or heavy-duty first aid kit—for taking their children to annual doctor visits and getting recommended immunizations.

The WellPoint family of companies offers programs and online tools to help members take control of their health. Anthem Healthy Solutions is a group of programs promoting health education, prevention, detection and management. Some programs are designed to improve members' health by supporting healthy behaviors and lifestyles. Online tools help members make more informed decisions about a medical diagnosis they've received, a recommended procedure or the hospitals they may choose.

The elderly population will double in the next 25 years ::



Source: Federal Interagency Forum on Aging-Related Statistics

our part :: improved health. Students at Glenn Stephens Elementary School (pictured in the school gym) are developing healthy habits. The school in Madison, Wisconsin, offers parents an educational nutrition and physical activity guide called “Healthy Habits for Healthy Kids.” The Blue Cross Blue Shield of Wisconsin Foundation made available 500,000 copies of the guide to be distributed through the Office of Governor Jim Doyle, the Wisconsin Academy of Pediatrics Foundation and the Wisconsin Academy of Family Physicians Foundation. Another 500,000 copies were distributed in Texas by UniCare, in partnership with the state Department of Education.

WellPoint developed the guide with the American Dietetic Association in response to a federal government study that reported a “communication shortfall” between physicians and families creates a barrier to addressing childhood obesity. The guide helps health care and education professionals counsel parents and families about proper nutrition and obesity.



To our shareholders, customers and communities:

WellPoint, Inc. was launched on November 30, 2004, when we completed the merger of Anthem, Inc. and WellPoint Health Networks Inc. Now we are moving forward to achieve our full potential as the nation's leading health benefits company.

We are building an organization that will be a recognized leader in improving the quality of health care, introducing innovative products, and delivering world-class customer service. We will define a new role for health benefits companies to help meet the challenges facing the American health care system.

Building the New WellPoint

We are quickly integrating the tremendous resources that we have brought together. We have put in place the structure and leadership of the new organization. By adopting best practices and realizing synergies, we fully expect to build upon our outstanding results of recent years and achieve even greater competitive advantage.

We've made a commitment to synergies of \$150 million for 2005 and \$250 million for 2006, and we're on track to meet that commitment. In addition, we will seize opportunities created by the merger to increase our value to customers.

We are also committed to further reductions in administrative expenses as a percentage of revenue. The size and scale of our new company allows us to spread administrative costs over a much larger membership base, helping keep premiums affordable for our members. We continue to invest in sophisticated tools that reduce administrative expense while improving customer service.

Innovation to Reach New Customers

WellPoint, Inc. unites two companies that have led the industry in attracting new members over the past eight years. In 2004, our combined membership grew by almost 1.7 million medical members, or by 6.4 percent on a comparable basis to 2003.

Helping to drive our growth are innovative products that make coverage affordable, available and attractive to more people and to companies of all sizes. One example is our new Tonik suite

- ■ Our merger expands our opportunities to implement innovative products in our markets across the country, based on our strong local presence and knowledge of local customer needs. Clearly, product innovation provides a great growth opportunity for us to develop better health care options for more Americans.”

of products, which is featured in this report. Approximately 70 percent of Tonik members are in the targeted 19- to 29-year-old age range, and 70 percent were previously uninsured.

Our Blue Access Economy plan, introduced in December 2004, is designed to provide a solid foundation of basic health coverage, including a range of deductible options, a prescription drug card and office visit co-payments. To date, 45 percent of new members in this plan had been uninsured.

We are also attracting new members through our consumer-directed health plans, which are integrated into tax-advantaged Health Savings Accounts, or HSAs. We support our HSA products with Internet-based tools that help our members make informed decisions. One such tool helps members estimate and compare the likely total cost for different treatment plans.

Additionally, we are offering new Medicare products, such as SmartValue—the first Medicare Advantage private fee-for-service plan in California. SmartValue is unique among Medicare Advantage plans because enrollees may choose any doctor or specialist who accepts Medicare payment and agrees to the terms and conditions of the plan.

Our merger expands our opportunities to implement innovative products in our markets across the country, based on our strong local presence and knowledge of local customer needs. Clearly, product innovation provides a great growth opportunity for us to develop better health care options for more Americans.

Information to Transform Health Care

In the new WellPoint, we wanted to create a company that can catalyze significant improvements in health care. In our nation’s public/private health care system, health benefits companies are well-positioned to harness the power of information in order to transform care.

We compile medical data across the entire system—hospitals, doctors’ offices, pharmacies, and labs. We translate that data into meaningful information for consumers and health care professionals while protecting members’ privacy. We can provide cost and performance information that



pictured from left to right

Leonard D. Schaeffer
Chairman of the Board

Larry C. Glasscock
President and Chief Executive Officer

consumers can use to consider their health care options. We can provide information on outcomes and best practices that physicians can apply to decisions on patient care.

For example, as a result of emerging concerns about the COX-2 class of drugs, we reviewed our health care and prescriptions claims databases to identify potential issues within our own member population. We believe our data indicate that for our members age 40 and older, the use of COX-2 drugs shows an increased risk of a heart attack or stroke.

WellPoint has shared this information with the Food and Drug Administration. We have also sent letters with this information to members and physicians. This study demonstrates how we can use clinical information from our claims databases to improve the health of our members and the quality of health care.

Achieving the full potential of these techniques requires a broad, national patient database, the financial resources to invest in large and complex information technology systems, and the market presence to help drive the design and adoption of systems and standards. Achieving greater scale in these areas is one reason why we created the new WellPoint.

Investment to Lead Change

Our overarching philosophy is that health benefits companies can be a catalyst for positive change and can reach beyond the needs of their own membership to address broader health issues. We must make the investments necessary to drive change.

We will make those investments to advance three key goals: First, we have to accelerate the transition to a technology-based system that provides information for physicians and patients to make more informed decisions. Second, we must make evidence-based medicine the standard of care. Third, we have to engage consumers in their health care and in maintaining their own good health.

We believe that such investments reflect our responsibility as the nation's leading health benefits company. Both Anthem and WellPoint had strong traditions of philanthropic support to expand access to quality health care. The new WellPoint will carry on that legacy through our foundations

and corporate giving programs that contributed more than \$14 million in our communities in 2004. We will continue to make investments that drive change in health care and accelerate adoption of 21st Century information technology to improve health.

We are deeply grateful to our Board of Directors for their leadership in bringing together two great companies. We thank Roger Birk, William Hart, James McDowell, Jr., John Sherman, and Dennis Sullivan, Jr. for their years of service on the boards of Anthem, Inc. and WellPoint Health Networks Inc. We also want to acknowledge Allan Hubbard, who served on the board of WellPoint, Inc. until his appointment as director of the National Economic Council at The White House in January 2005.

The leadership team of the new WellPoint represents the best in the industry. Our managers are extremely talented and experienced, and we're very pleased with how well our new team has come together.

More than 38,000 WellPoint associates have remained focused on serving our customers through the past year and a half as we worked to complete our merger and build our new organization. To our associates, thank you for your unfailing commitment to improving the health of the people we serve.

As the nation's leading health benefits company, we see part of our role as helping to make our health care system work better for everyone. For Americans seeking affordable, quality health care, WellPoint will be part of the solution.



Leonard D. Schaeffer
Chairman of the Board



Larry C. Glasscock
President and Chief Executive Officer

WellPoint at a glance

WellPoint, Inc. is the nation's leading health benefits company. More than 38,000 WellPoint associates serve nearly 28 million medical members through the individual, small group, large group, national accounts, senior, and state-sponsored customer segments.

No other health benefits company has leading local market presence in so many geographic areas. WellPoint, Inc. is an independent licensee of the Blue Cross Blue Shield Association and serves its members as the Blue Cross licensee for California and the Blue Cross and Blue Shield licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.), and Wisconsin.

We also serve members through UniCare and HealthLink. UniCare serves medical members nationwide with innovative, high-quality health care plans and products. HealthLink is one of the largest managed care networks in the central United States and also operates two prominent networks in the Mid-Atlantic and Texas.

WellPoint's specialty companies provide a full range of benefits and services to our health plan customers, including pharmacy benefit management; vision, dental and behavioral health benefits; group life and disability insurance benefits; workers' compensation; and long-term care insurance.

WellPoint is the nation's second-largest Medicare contractor. In 2004, our combined operations handled more than 113 million Medicare claims. WellPoint companies administer Medicaid and children's health programs in a number of states. In fact, Blue Cross of California is the largest Medicaid managed care provider in the United States.

WellPoint has established one of the most significant social legacies in American industry with the creation or funding of charitable foundations in many states we serve. Today, these independent foundations have assets of more than \$6 billion. In addition, Anthem, Inc. and WellPoint Health Networks Inc. established corporate foundations that today have total assets of over \$150 million. Through our foundations and corporate giving programs, we contributed a total of \$14 million in 2004.

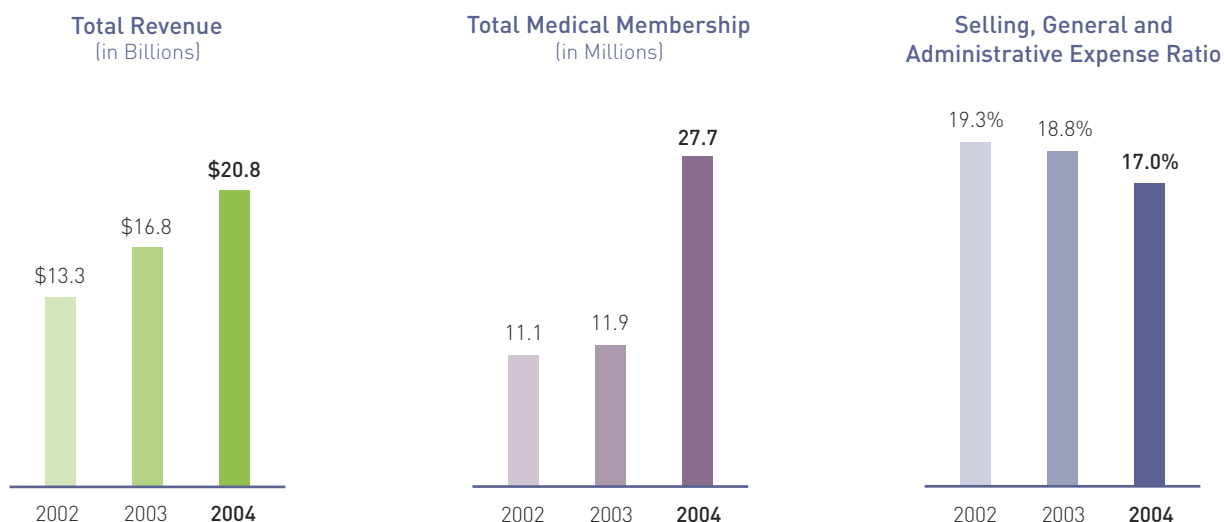
Financial Highlights

The information presented below is as reported in WellPoint's 2004 Annual Report on Form 10-K. On November 30, 2004, Anthem, Inc. acquired WellPoint Health Networks Inc., and Anthem, Inc. changed its name to WellPoint, Inc. Accordingly, 2004 financial results include operations of the former Anthem, Inc. for the full year, and also include operations of the former WellPoint Health Networks Inc. for the one month ended December 31, 2004. Financial highlights for 2003 and 2002 include only operations of the former Anthem, Inc. and reflect the acquisition of Trigon Healthcare, Inc. on July 31, 2002.

<i>(dollars in millions, except per share data)</i>	2004	% Change vs. 2003	2003	% Change vs. 2002	2002
Operating Results					
Total operating revenue	\$20,460.9	24%	\$16,487.1	27%	\$13,000.4
Total revenue	20,815.1	24%	16,781.4	26%	13,292.2
Net income	960.1	24%	774.3	41%	549.1
Earnings Per Share					
Basic net income	\$ 6.29	12%	\$ 5.60	21%	\$ 4.61
Diluted net income	6.10	12%	5.45	21%	4.51
Balance Sheet Information					
Total assets	\$39,738.4	196%	\$13,414.6	8%	\$12,416.3
Total liabilities	20,279.4	173%	7,414.7	5%	7,054.0
Total shareholders' equity	19,459.0	224%	5,999.9	12%	5,362.3
Medical Membership (000s)					
Central	9,649	70%	5,688	9%	5,234
West	8,655	822%	939	12%	836
Southeast	5,962	121%	2,700	6%	2,549
Northeast	2,546	(2)%	2,600	7%	2,434
Wisconsin	916	—	—	—	—
Total	27,728	132%	11,927	8%	11,053

Note 1: The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in WellPoint's 2004 Annual Report on Form 10-K.

Note 2: Certain prior year amounts have been reclassified to conform to current year presentation.



Consolidated Balance Sheets

	December 31	
(in millions, except share data)	2004	2003
Assets		
Current assets:		
Investments available-for-sale, at fair value	\$ 13,586.9	\$ 6,849.0
Cash and cash equivalents	1,457.2	464.5
Premium and self-funded receivables	1,574.6	690.3
Other receivables	876.4	325.7
Securities lending collateral	658.5	—
Deferred tax assets, net	434.0	—
Other current assets	769.9	445.6
Total current assets	19,357.5	8,775.1
Long-term investments	748.1	164.7
Property and equipment	1,045.2	510.5
Goodwill	10,017.9	2,450.1
Other intangible assets	8,211.6	1,227.0
Other noncurrent assets	358.1	287.2
Total assets	\$ 39,738.4	\$13,414.6
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Policy liabilities:		
Medical claims payable	\$ 4,202.0	\$ 1,841.7
Reserves for future policy benefits	145.0	18.4
Other policyholder liabilities	1,209.5	501.9
Total policy liabilities	5,556.5	2,362.0
Unearned income	1,046.6	411.1
Accounts payable and accrued expenses	2,222.1	900.5
Income taxes payable	418.8	469.5
Security trades pending payable	84.4	—
Securities lending payable	658.5	—
Other current liabilities	1,583.7	632.1
Total current liabilities	11,570.6	4,775.2
Long-term debt	4,276.7	1,662.8
Reserves for future policy benefits, noncurrent	727.2	375.5
Deferred income taxes	2,596.4	200.8
Other noncurrent liabilities	1,108.5	400.4
Total liabilities	20,279.4	7,414.7
Shareholders' equity		
Preferred stock, without par value, shares authorized—100,000,000; shares issued and outstanding—none	—	—
Common stock, par value \$0.01, shares authorized—900,000,000; shares issued and outstanding: 2004, 302,626,708; 2003, 137,641,034	3.0	1.4
Additional paid in capital	17,433.6	4,708.7
Retained earnings	1,960.1	1,154.3
Unearned stock compensation	(83.5)	(3.2)
Accumulated other comprehensive income	145.8	138.7
Total shareholders' equity	19,459.0	5,999.9
Total liabilities and shareholders' equity	\$ 39,738.4	\$13,414.6

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2004 Annual Report on Form 10-K.

Consolidated Statements of Income

(in millions, except per share data)	Year ended December 31		
	2004	2003	2002
Revenues			
Premiums	\$ 18,771.6	\$15,167.7	\$11,937.9
Administrative fees	1,436.9	1,160.2	946.8
Other revenue	252.4	159.2	115.7
Total operating revenue	20,460.9	16,487.1	13,000.4
Net investment income	311.7	278.1	260.7
Net realized gains on investments	42.5	16.2	31.1
	20,815.1	16,781.4	13,292.2
Expenses			
Benefit expense	15,387.8	12,254.5	9,821.9
Selling, general and administrative expense			
Selling expense	537.2	411.2	308.0
General and administrative expense	2,940.5	2,686.3	2,207.1
Total selling, general and administrative expense	3,477.7	3,097.5	2,515.1
Cost of drugs	95.0	38.7	24.0
Interest expense	142.3	131.2	98.5
Amortization of other intangible assets	61.4	47.6	30.2
Merger-related undertakings	61.5	—	—
Loss on repurchase of debt securities	146.1	—	—
	19,371.8	15,569.5	12,489.7
Income before income taxes	1,443.3	1,211.9	802.5
Income taxes	483.2	437.6	253.4
Net income	\$ 960.1	\$ 774.3	\$ 549.1
Net income per share			
Basic	\$ 6.29	\$ 5.60	\$ 4.61
Diluted	\$ 6.10	\$ 5.45	\$ 4.51

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2004 Annual Report on Form 10-K.

Consolidated Statements of Cash Flows

(in millions)	Year ended December 31		
	2004	2003	2002
Operating activities			
Net income	\$ 960.1	\$ 774.3	\$ 549.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized gains on investments	(42.5)	(16.2)	(31.1)
Loss on repurchase of debt securities	146.1	—	—
Depreciation and amortization, net of accretion	279.1	245.0	157.0
Deferred income taxes	(103.4)	(26.7)	(22.4)
Loss on sale of property and equipment	0.8	0.4	2.2
Changes in operating assets and liabilities, net of effect of business combinations:			
Receivables, net	(1.3)	(201.8)	126.7
Other assets	(89.9)	(141.7)	(317.9)
Policy liabilities	25.6	104.7	227.4
Unearned income	34.0	84.6	47.7
Accounts payable and accrued expenses	191.6	61.0	15.6
Income taxes payable	(125.5)	152.0	104.5
Other liabilities	28.5	123.4	135.3
Net cash provided by operating activities	1,303.2	1,159.0	994.1
Investing activities			
Purchases of investments	(7,249.3)	(5,136.3)	(5,062.8)
Proceeds from sales or maturities of investments	7,227.3	4,115.0	4,546.2
Purchases of subsidiaries, net of cash acquired	(2,239.9)	(3.5)	(789.6)
Proceeds from sale of subsidiaries, net of cash sold	—	(3.1)	0.9
Proceeds from settlement of cash flow hedges	15.7	—	—
Proceeds from sale of property and equipment	9.1	9.4	13.7
Purchases of property and equipment	(136.8)	(110.7)	(123.3)
Net cash used in investing activities	(2,373.9)	(1,129.2)	(1,414.9)
Financing activities			
Proceeds from commercial paper borrowings	793.2	—	—
Proceeds from long-term borrowings	1,770.2	—	938.5
Payments on long-term borrowings	(798.5)	(100.0)	—
Proceeds from issuance of common stock under Equity Security Units stock purchase contracts	230.0	—	—
Repurchase and retirement of common stock	(82.2)	(217.2)	(256.2)
Proceeds from employee stock purchase plan and exercise of stock options	159.0	57.0	31.1
Costs related to the issuance of common stock for WellPoint Health Networks Inc. merger and Trigon Healthcare, Inc. acquisition	(8.3)	—	(4.1)
Net cash provided by (used in) financing activities	2,063.4	(260.2)	709.3
Change in cash and cash equivalents	992.7	(230.4)	288.5
Cash and cash equivalents at beginning of year	464.5	694.9	406.4
Cash and cash equivalents at end of year	\$ 1,457.2	\$ 464.5	\$ 694.9

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2004 Annual Report on Form 10-K.

Corporate Information

Corporate Headquarters

WellPoint, Inc.
120 Monument Circle
Indianapolis, IN 46204-4903
www.wellpoint.com

Account Questions

Our transfer agent, EquiServe, can help you with a variety of shareholder-related services, including:

- Change of address
- Transfer of stock to another person
- Lost stock certificates
- Additional administrative services

Please include your name, address and telephone number with all correspondence, and specify the most convenient time to contact you.

You can call EquiServe toll-free at:
(866) 299-9628 Monday–Friday,
excluding holidays,
9 a.m.–5 p.m. Eastern Time

Written correspondence can be sent to:
WellPoint Shareholder Services
c/o EquiServe Trust Company, N.A.
P.O. Box 43037
Providence, RI 02940-3037
E-mail: wellpoint@equiserve.com

Investor and Shareholder Information

Shareholders may receive, without charge, a copy of WellPoint's Annual Report on Form 10-K, including financial statements, as filed with the Securities and Exchange Commission (which is WellPoint's Annual Report to Shareholders). WellPoint's Summary Annual Report and other information are also available on WellPoint's Investor Relations website at www.wellpoint.com. To request a Summary Annual Report, Form 10-K or additional information, please choose from one of the following:

Institutional Investors

WellPoint, Inc.
Investor Relations Department
120 Monument Circle
Indianapolis, IN 46204-4903
(317) 488-6390
E-mail: tami.durle@wellpoint.com

Individual Shareholders

WellPoint, Inc.
Shareholder Services Department
120 Monument Circle
Indianapolis, IN 46204-4903
(800) 985-0999 (toll-free)
E-mail: shareholder.services@wellpoint.com

Annual Meeting

The annual meeting of shareholders of WellPoint, Inc. will be held on May 10, 2005, at WellPoint's headquarters, 120 Monument Circle, Indianapolis, IN.

Market Price of Common Stock

The Company's common stock, par value \$0.01 per share, is listed on the New York Stock Exchange (NYSE) under the symbol WLP. On March 1, 2005, the closing price on the NYSE was \$121.88. As of March 1, 2005, there were 166,845 shareholders of record of the common stock. The following table shows high and low sales prices for the common stock on the NYSE for the periods indicated.

2004	High	Low
First Quarter	\$ 92.13	\$ 72.50
Second Quarter	95.60	83.85
Third Quarter	93.90	77.76
Fourth Quarter	117.70	72.20
2003		
First Quarter	\$ 67.13	\$ 53.00
Second Quarter	82.90	63.80
Third Quarter	82.00	66.01
Fourth Quarter	77.96	64.75

Dividends

WellPoint, Inc. has not to date paid cash dividends on common stock. The declaration and payment of future dividends will be at the discretion of the Board of Directors.

Board Committees and Executive Leadership

Board Committees

Audit Committee

Victor S. Liss, Chairman
Warren Y. Jobe
William G. Mays
Ramiro G. Peru
George A. Schaefer, Jr.

Compensation Committee

William J. Ryan, Chairman
Sheila P. Burke
Jane G. Pisano
Senator Donald W. Riegler, Jr.
Jackie M. Ward

Executive Committee

Leonard D. Schaeffer, Chairman
Victor S. Liss
L. Ben Lytle
William J. Ryan
Jackie M. Ward

Planning Committee

L. Ben Lytle, Chairman
Lenox D. Baker, Jr., M.D.
William H.T. Bush
Leonard D. Schaeffer

Governance Committee

Jackie M. Ward, Chairperson
Susan B. Bayh
Julie A. Hill
Senator Donald W. Riegler, Jr.
Elizabeth A. Sanders

Executive Leadership

Larry C. Glasscock

President and
Chief Executive Officer

Mark L. Boxer

Executive Vice President and
Chief Strategy Officer

Angela F. Braly⁽¹⁾

Executive Vice President,
General Counsel and
Chief Public Affairs Officer

Randal L. Brown

Senior Vice President,
Human Resources

David C. Colby

Executive Vice President and
Chief Financial Officer

Marjorie W. Dorr

President and CEO
Northeast Region and
Corporate Executive Vice
President

Keith R. Faller

President and CEO Central
Region and Corporate Executive
Vice President

David R. Frick⁽²⁾

Executive Vice President and
Chief Legal and
Administrative Officer

David S. Helwig

President and CEO West Region
and Corporate Executive Vice
President

Joan E. Herman

President and CEO Specialty,
Senior and State-Sponsored
Business and Corporate
Executive Vice President

Rebecca A. Kapustay⁽³⁾

President and CEO Blue Cross
Blue Shield of Wisconsin and
Corporate Executive Vice
President

Randall J. Lewis

Senior Vice President
Internal Audit and
Chief Compliance Officer

Samuel R. Nussbaum, M.D.

Executive Vice President and
Chief Medical Officer

Ronald J. Ponder, Ph.D.

Executive Vice President and
Chief Information Officer

Alice F. Rosenblatt

Executive Vice President
Integration Planning/
Implementation and Chief
Actuary

Thomas G. Snead, Jr.

President and CEO
Southeast Region and
Corporate Executive Vice
President

John S. Watts

President and CEO
National Accounts and
Corporate Executive Vice
President

Denny M. Weinberg

President and CEO
Arcus Enterprises

(1) Appointment effective April 1, 2005

(2) Retirement effective July 1, 2005

(3) Retirement effective April 1, 2005

WellPoint, Inc. Board of Directors

Leonard D. Schaeffer
Chairman of the Board
WellPoint, Inc.

Larry C. Glasscock
President and
Chief Executive Officer
WellPoint, Inc.

Lenox D. Baker, Jr., M.D.
President
Mid-Atlantic Cardiothoracic
Surgeons, Ltd.

Susan B. Bayh
Attorney at Law

Sheila P. Burke
Deputy Secretary and
Chief Operating Officer
Smithsonian Institution

William H.T. Bush
Chairman
Bush O'Donnell & Co., Inc.

Julie A. Hill
Former President and Owner
Hiram-Hill Development
Company

Warren Y. Jobe
Former Senior Vice President
Southern Company

Victor S. Liss
Vice Chairman
Trans-Lux Corporation

L. Ben Lytle
Chairman and CEO
AXIA Health Management, LLC

William G. Mays
President and
Chief Executive Officer
Mays Chemical Company

Ramiro G. Peru
Executive Vice President and
Chief Financial Officer
Phelps Dodge Corporation

Jane G. Pisano, Ph.D.
President and Director
The Natural History Museum of
Los Angeles County

Senator Donald W. Riegle, Jr.
Chairman
APCO Government Affairs

William J. Ryan
Chairman, President and
Chief Executive Officer
Banknorth Group, Inc.

Elizabeth A. Sanders
Principal
The Sanders Partnership

George A. Schaefer, Jr.
President and
Chief Executive Officer
Fifth Third Bancorp

Jackie M. Ward
Outside Managing Director
Intec Telecom Systems



Seated, left to right: L. Ben Lytle, Susan B. Bayh, Larry C. Glasscock, William H.T. Bush, Jane G. Pisano, Ph.D.
Standing, left to right: Julie A. Hill, Ramiro G. Peru, Sheila P. Burke, George A. Schaefer, Jr., Senator Donald W. Riegle, Jr., Warren Y. Jobe, Leonard D. Schaeffer, William J. Ryan, Elizabeth A. Sanders, Jackie M. Ward, Lenox D. Baker, Jr., M.D., Victor S. Liss, William G. Mays



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