

As the nation's leading health benefits company, serving more than 34 million Americans, WellPoint connects with more doctors, hospitals and communities than anyone else. By turning our core values into action, we are committed to transforming health care to deliver improved care and better health. By doing our part, we can be the most trusted choice for consumers and the leader in affordable quality care.

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#### **Corporate Profile**

WellPoint, Inc. is the largest health benefits company in terms of commercial membership in the United States. Through its nationwide networks, the company offers a broad portfolio of integrated health care plans and related services, along with a wide range of specialty products such as life and disability insurance benefits, pharmacy benefit management, dental, vision, behavioral health benefit services, as well as long-term care insurance and flexible spending accounts. WellPoint is an independent licensee of the Blue Cross and Blue Shield Association in 14 states and also serves members across the country through UniCare. For more information about our business, please see pages 24-25.

On February 26, 2007, WellPoint announced that Larry C. Glasscock is retiring as President and Chief Executive Officer, effective June 1, 2007. Mr. Glasscock will continue to serve as Chairman of the Board. WellPoint's Board of Directors has named Angela F. Braly as President and Chief Executive Officer and a member of the Board of Directors, also effective June 1, 2007. Since 2005, Ms. Braly has served as a WellPoint Executive Vice President, with operational responsibility for the nation's largest Medicare claims processing business, the federal employees' health benefits business, public policy development, government relations, legal affairs, marketing, and social responsibility initiatives. Previously, she was the President and CEO of Blue Cross Blue Shield of Missouri.



## To our Shareholders, Customers and Communities:

One in every 10 Americans is a member of a WellPoint health plan. For us, that's a tremendous privilege and responsibility.

We realize that each of those 34 million members — and every consumer we provide with vision and dental benefits, pharmacy benefit management, or other services — is an individual with unique health care needs. And we know that, as the nation's leading health benefits company, we can take a lead role in making health care better.

In my letter last year, I introduced our comprehensive strategy to transform health care. As part of that strategy, we identified six aspirations for the future health care system, and those aspirations provide the framework for this report. What you can see in this report is that we have moved beyond aspiration to action, with initiatives well under way to achieve each of these goals. What you should also know is that we are tracking our progress with specific measures and annual targets — we are that committed to achieving our vision for a vastly improved health care system.

#### 2006 performance highlights

Our dedication to making WellPoint the most trusted choice for consumers and the leader in affordable quality care produced very good results in 2006 for customers and shareholders.

We achieved continued strong growth in our Anthem National Accounts business, which serves large, multi-state employers. We successfully introduced Medicare Part D products, reaching 1.6 million members by year-end. We also added to our leadership position in Medicaid managed care services, winning five new state contracts covering 500,000 people.

Earnings per share were \$4.82 in 2006, a 22 percent increase over 2005. We also continued to make significant progress in reducing administrative costs as a percentage of revenue while improving service to our customers.

#### **Innovative choices for health care consumers**

As you will read in the pages that follow, in 2006 we also launched innovative products and services that will help shape the future of health care. We are the first health benefits company to roll out an integrated portfolio of consumer-driven health plans (or CDHPs) across the country in all segments of the market, from individuals to large employers.

Consumers want to take a more active role in their health care, and we're working to empower consumers in *all* of our products — not just our CDHP offerings. That includes providing information that's understandable and useful to consumers about the cost and quality of their health care options. For example, we launched a comprehensive hospital cost comparison program in Dayton, Ohio. Our members can compare total costs, including physicians' fees, and quality measures for nearly 40 different procedures at 10 area hospitals.

## **"We believe** that realizing our vision is possible. And we believe that a responsible industry leader should strive for nothing less."

Empowering consumers also means offering a trusted source of information and support to help them take better care of themselves. In 2006, we launched 360° Health, the industry's most comprehensive approach to addressing health education, preventive care, well-being, health improvement and care coordination.

We reorganized our company in late 2006 around a nationwide, customer-focused strategy. We created a structure that capitalizes on WellPoint's unique competitive advantage — the scale and scope to develop innovative products and programs for consumers, and the local leadership and knowledge to adapt those innovations to local markets across the country.

This approach will allow us to offer consumers from coast to coast an unparalleled choice of health care plans, and a full range of benefits and services — including specialty products such as life insurance and dental, vision and behavioral health benefits. It will also allow us to engage health care professionals in communities across the country in innovative programs to improve quality and reduce costs.

#### **Transforming health care**

Today, we're well-positioned for future growth. But we're focused on an even larger goal: to play a leading role in transforming health care in this country.

We believe that Americans want a health care system that offers them choices. And we believe that dramatically improving the public-private framework provides the best structure for meeting American consumers' expectations for a vastly improved health care system and providing access for all Americans to quality health care.

My WellPoint colleagues and I have been working closely with partners in both the public and private sectors to find solutions to our nation's health care challenges. We have met with the President, members of Congress, governors, and state and federal regulatory officials on such key issues as transparency, health information technology, health care quality, and the uninsured.

In the past two years, more than 750,000 previously uninsured Americans found health care security through one of our company's individual products, but we recognize that a majority of the uninsured are currently unable to get coverage through the private market. In January 2007 we proposed

a comprehensive, public-private partnership to help address this issue. The WellPoint Action Plan for the Uninsured aims to ensure universal coverage for children and provide new and more attractive options for the working uninsured. This plan reflects WellPoint's mission to improve the lives of the people we serve and the health of our communities.

#### **Leadership transition**

In February, I announced my decision to retire from the day-to-day operations of WellPoint, so that I can attend to the needs of my family. I will continue to serve as the Chairman of WellPoint's Board of Directors.

I am very pleased that Angela Braly will become our new President and CEO, effective June 1. We are fortunate to have a leader of Angela's caliber ready to assume the President and CEO position. Angela has been a trusted and valued colleague, partnering with me on many strategic initiatives undertaken by the company over the past two years. She brings the right combination of intellect, health policy knowledge, business experience and strategic vision.

In selecting Angela, the Board has demonstrated its faith in WellPoint's strategy, performance, culture and leadership team. I want to thank the Board of Directors for their strategic vision and guidance.

I also want to thank our entire management team for their outstanding performance in serving our customers and building our company, and for their strong expression of support for Angela. I'm thankful to our dedicated associates for their loyalty, spirit and commitment to excellence. And I'm grateful to our customers, shareholders, and business and community partners for their support over the years.

I have had the privilege of working as a WellPoint associate since 1998, and as the CEO since 1999. Our company has a very bright future with an excellent strategic road map to help us achieve our vision of transforming health care and becoming the most valued company in our industry. We are well on our way to achieving this vision.

Our goals for WellPoint are to be recognized as the most trusted choice for consumers and the leader in affordable quality care.

We know that achieving these goals will not be easy, and that there is still a great deal of work to do. But we believe that realizing our vision is possible. And we believe that a responsible industry leader should strive for nothing less.

Larry C. Glasscock

Chairman, President and Chief Executive Officer

Tong C. Slasscock

Our vision for transforming health care: We're committed to creating a health care system that provides improved care and better health, and to being a trusted choice for consumers.

We **envision** a future where consumers can understand the health care system and feel in control, where they don't have to worry about runaway costs, where they're confident that they and their families are receiving the highest-quality care possible, and where they can feel good knowing that the entire community is sharing in better health. These are our aspirations for the future of health care. The following pages will detail what we're doing today to get there.

#### Our aspirations for the future of health care:

Simplify the health care system
Page 8

#### **#** Consumer-focused health care

Help Americans more effectively navigate to better health and wellness, through simplified processes and personalized information and services.

#### # Choice-based, consumer-driven health plans

Give consumers more control over their health care through new coverage options and easy access to price and quality information.

Make health care more accessible and affordable Page 12

#3

Holding down costs and reducing the number of uninsured

Help stabilize health care cost trends and premiums; reduce the number of uninsured by offering affordable coverage for more individuals and small employers, and by supporting public policies to expand access.

Collaborate with health care professionals to improve quality Page 16

#4

#### **Identifying and promoting best practices**

Collaborate with physicians and hospitals to promote evidence-based medicine and ensure that consumers receive high-quality care.

**#5** 

**Technology and practices to make the system work better** 

Help health care professionals spend less time on paperwork and focus more on patients by improving administrative systems and processes.

Promote better health for the entire community Page 20

Improving the state of public health

Improve the health of our communities through partnerships, programs and products that encourage wellness and prevention, optimal management of chronic illness, and care coordination so that Americans enjoy improved health and a better quality of life.

# Simplify the health care system and empower consumers with choice and information

Few things are more important to people than their health — but, unfortunately, few things are more confusing than the current health care system.

Confronted with medical terms and insurance jargon, most of us don't have clear information about the options available to us, and we have to depend on someone else to make our decisions for us.

WellPoint believes the health care system should treat us as individuals with unique health needs, and should provide us with information and incentives to help us take better care of ourselves. It should also treat us as consumers, empowered with a variety of attractive and clearly understandable options that enable us to better manage our health, our health care, and our costs.

We're taking the lead with health improvement tools tailored to individual members and consumer-driven health plans (CDHPs) that give people greater choice and control. We're also pioneering programs to give consumers clear, useful information about the price and quality of their health care options, so they can make informed decisions for themselves and their families.



## #1\_Consumer-focused

health care

WellPoint's health plans are designed to help our members improve their health and quality of life with a range of programs and services that meet their unique needs while being convenient and easy to follow.

#### 360° Health

Our 360° Health program offers a full range of support and services to meet the needs of each individual member. The aim of 360° Health is to help the 20 percent of our members with chronic conditions better manage their conditions, and to help improve and maintain health for the other 80 percent.

360° Health is the first program in the health care industry to integrate all care management programs and tools into a single resource. Whether their medical needs are minimal or intense, 360° Health will provide each of WellPoint's 34 million members with a broad range of personalized health care information and care management, delivered directly to them through innovative information technology and more than one thousand WellPoint nursing and health professionals.

The result is improved health for our members, which also lowers their cost of care.

#### **MyHealth Record**

As part of 360° Health, WellPoint members own and manage their own personal health records, called MyHealth Record. MyHealth Record is electronically populated with claims and prescription data, translated into plain English (or Spanish).

MyHealth Record contributes to health care quality by allowing each member to make his or her full history available to a doctor at the point of care. This reduces the possibility of errors in diagnosis and treatment or dangerous medication interactions. WellPoint is a leader in making personal health records available to its members.



#### 360° Health meets employers' needs

Steve Fallon, senior vice president of the Employer Solutions Group at Wachovia in Atlanta, works with more than a hundred Georgia employers who have chosen WellPoint as their health insurer. Mr. Fallon says that 360° Health, which helps hold down health care premiums through comprehensive services to improve members' health and care, is a key feature for current and prospective clients. "It's a great program," he says. "Right now in the market-place, wellness and care management are extremely important, and 360° Health is on the cutting edge."

## "2 Choice-based, consumer-driven health plans

A simplified health care system empowers each of us to make more and better choices about our health care. By providing innovative products and greater transparency, WellPoint is giving consumers more options and more tools to obtain affordable quality care.

#### **Consumer-driven health plans**

Consumer-driven health plans (CDHPs) help consumers take more control over their own health and health care. WellPoint is the first health benefits company in the nation to roll out an integrated CDHP portfolio across the country in all market segments, from the largest employers to individual members.

Our members have access to one of three types of individual health accounts that they can use to fund routine health expenses, including medications. Preventive services are fully covered. In addition, each plan includes a traditional health coverage component to protect consumers in the event of large medical expenses.

Research shows that CDHPs deliver clear benefits. Nearly one-fifth of our CDHP consumers feel they are healthier because of their WellPoint CDHP, through actions such as additional exercise and improved diet or nutrition, and more than half say they are more informed about their health.

#### **Transparency**

The key to the success of consumer-driven health plans is providing consumers with cost and quality information to make informed decisions. Through personalized, state-of-the-art Web sites in both English and Spanish, our CDHP consumers can locate nearby doctors and hospitals, compare hospitals on several quality and cost measures, compare prices of prescription drugs at local pharmacies, research common medical conditions and procedures, and estimate the costs of specific health care services.

We're also working to simplify the information consumers receive from us. Our CDHP consumers will receive easy-to-understand monthly account summaries, delivered by mail or email. These summaries will provide not only financial information about claims and account balances, but also personalized suggestions for better health based on individual health factors.

We're applying these consumer-focused ideas to all our health plans. We're also taking a leadership role in developing new levels of price and quality transparency, through our Anthem Care Comparison program. (See page 9.)





## **#3**Holding down costs and reducing the number of uninsured

Rapidly rising health care costs are at the center of the national domestic agenda. These costs result in increased health benefits premiums, putting coverage out of reach for too many individuals and employers.

WellPoint views this challenge as an opportunity. By forging public-private partnerships and offering innovative, affordable options, we can reduce the number of uninsured Americans and grow our membership.

#### **Focus on affordability**

One of the best ways to hold down health care costs is to improve the quality of care our members receive, because quality care costs less over time. (See pages 18-19 for more information on our quality improvement initiatives.)

Another way to hold down costs is to provide consumers with more information and incentives to make good choices about their own health and health care. For example, pharmaceuticals account for one in every five dollars WellPoint spends on medical care. We give our members the ability to compare the costs of pharmaceuticals at their local pharmacies and through mail-order services, including the cost advantages of generic options.

A third way to help hold down health care costs is to reduce our own expenses. In the past six years, WellPoint has significantly reduced administrative costs as a share of total revenues, from more than 21 percent in 2000 to under 16 percent in 2006.

#### **Responding to the uninsured**

The uninsured are not all alike, and that is why we are taking action on many fronts to help more Americans obtain coverage.

About 20-25 percent of the uninsured have access to public programs, yet aren't enrolled. On the opposite end of the spectrum, 20-25 percent can afford private coverage but choose to go without it. The remaining half of the uninsured cannot afford private coverage and are not eligible for public programs.

To reach that first group, WellPoint is helping to locate, educate, and enroll those who qualify for public programs, through initiatives such as our enrollment vans. (See page 12.)

At the same time, we are advocating additional steps to help those who cannot get coverage through currently available public and private options.

#### **Attractive and affordable coverage options**

Approximately one in five uninsured individuals earns more than three times the federal poverty level, but either doesn't have access to affordable health benefits through an employer or chooses to go without coverage.

WellPoint companies are actively marketing products with pricing and features tailored specifically to groups that have traditionally forgone health insurance. We're also introducing

a range of innovative, affordable products designed to enable small employers to offer coverage to their employees.

We're rolling out plans across the country based on our successful Tonik product. These plans are designed for individuals aged 19 to 29 who have not chosen to purchase traditional health insurance. The programs are working — approximately 75 percent of Tonik members were previously uninsured. Through all of our individual plans, over the past two years WellPoint has provided coverage to 750,000 Americans who were previously uninsured.

A good example of our products for small business is Pathways, which UniCare offers in Texas and Illinois. Pathways includes three lower price-point plans, targeting both previously uninsured groups that could not afford health coverage and employees who do not want to pay a high dollar amount for health coverage. In Connecticut, our new Blue Options plans allow employers to select five product options from currently available health plans and create a portfolio of offerings with a range of coverage, premium and deductible levels.

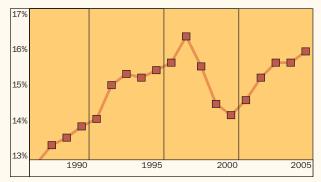
#### **Partnerships to reach the most needy**

In January 2007, we announced our Action Plan for the Uninsured, which has three main components: universal health coverage for children, an expansion of state-based programs to cover the most needy adults, and a public-private partnership to help low-income workers afford coverage. If adopted broadly, the proposed expansion of public programs, coupled with a successful outreach campaign to low-income individuals who are eligible for federal programs, could provide coverage to more than 30 million of the 46 million people who are currently uninsured.

WellPoint's plan also includes a financial commitment from our charitable foundations of \$30 million over the next three years to support programs across the country that are helping to increase access to care.

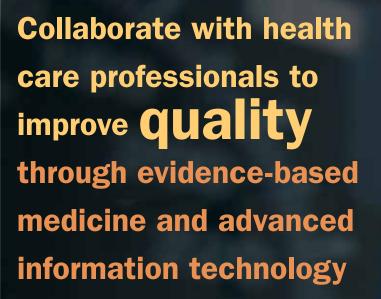
## Reducing the number of uninsured

### Percentage of U.S. residents not covered by health insurance



Source: U.S. Census Bureau

WellPoint is committed to reducing the rate of the uninsured and underserved. We will measure the success of our strategy by tracking our progress in reducing the number of uninsured in the 14 states where we operate Blue plans. Our target is to reduce the number of uninsured in these states by over one million by 2010.



For many, the current health care system provides truly outstanding care. But research has found that nearly half the time, the system falls short of delivering treatments aligned with best practices.

WellPoint is collaborating with doctors and hospitals on programs that use information technology both to reduce medical errors and to simplify administrative requirements, so physicians and hospitals can focus more on providing quality care. And we are reinforcing those initiatives with pay-for-performance programs that reward quality improvements and help support further investments in information technology.





## Identifying and promoting best practices

WellPoint is supporting quality improvement initiatives that reward both physicians and hospitals for reducing medical errors and improving the quality of care they provide.

#### **Evidence-based medicine**

WellPoint's commitment to promoting evidence-based medicine is supported in one way by our subsidiary company, HealthCore.

HealthCore employs a staff of pharmacists, physicians, biostatisticians, epidemiologists, and other health care experts who analyze years of patient data (with no personal identifiers). WellPoint uses their research to partner with physicians and hospitals to reduce medical errors and improve the overall quality of care patients receive.

#### **Pay-for-performance**

Research suggests that pay-for-performance can serve as a powerful incentive for quality improvements in health care. Results have demonstrated that properly designed pay-for-performance programs can improve care and outcomes, save lives, reduce treatment disparities, reduce costs and advance the use of information technology in the delivery of health care.

WellPoint's programs provide incentives for improvements in clinical outcomes, increases in the use of evidence-based medical procedures, prescribing of generic pharmaceuticals, adoption of technology and streamlined administrative processes, and patient satisfaction.

In 2006, WellPoint paid out approximately \$140 million to hospitals and physicians to reward significant improvements in the quality of care they delivered. These improvements benefited not only WellPoint members, but all patients.

#### **Blue Distinction**

The next step is to bring the best-performing physicians and hospitals together into "high-performance networks." An example of this is a partnership between the Blue Cross and Blue Shield Association, Anthem National Accounts, and other Blue plans, which have developed Blue Distinction Centers for Specialty Care in three care-intensive areas: Transplant, Bariatric Surgery and Cardiac Care. These specialty center networks have been developed to help consumers identify those facilities that have met or exceeded rigorous standards.

More than 400 Blue Distinction Centers have been designated nationwide, with additional facilities undergoing the review process for inclusion in 2007. Also in 2007, a national cancer care program is being developed in conjunction with the National Comprehensive Cancer Network and the American College of Surgeons Commission on Cancer.

## #5

## Technology and practices to make the system work better

Preventable medical errors affect 1.5 million Americans each year, contribute to more than 7,000 deaths, and cost hospitals an estimated \$3.5 billion annually. Many preventable mistakes are due to simple miscommunication or paperwork errors.

WellPoint is working with physicians and hospitals to harness the power of advanced information technology both to reduce administrative burden and to improve health care quality and safety.

In addition, our customer care representatives work with health care providers to ensure that our members receive prompt and appropriate care. In 2006, for example, WellPoint Dental implemented a customer advocacy model that empowers representatives to respond to a caller's needs by taking personal responsibility from initial contact to resolution. This model allows WellPoint Dental to provide the best solution for all clients, including members, employers and providers.

#### **Personal health records**

WellPoint is working to make personal health records available to all our members. (See page 10). Because they improve patient care, reduce medical errors and paperwork, and help control costs, we believe such records should be available to all consumers. This will require creating nationwide standards so that systems across the country can connect and share information. WellPoint is collaborating with other health insurers, hospitals, and policy makers to make that possible.

#### **ePrescribing**

Fewer than 22 percent of physicians nationwide use the basic capabilities of electronic prescribing, which, according to the Centers for Medicare & Medicaid Services, could eliminate as many as two million harmful drug events each year.

Our Anthem Blue Cross and Blue Shield health plan in Ohio has launched a pilot ePrescribing program in two communities that will help reduce medication errors, improve patient safety, and cut the time physicians spend managing prescriptions and communicating with pharmacists.

## Managing specialty pharmaceuticals

#### U.S. pharmaceutical spending



Specialty pharmaceuticals are complex drugs created through biotechnology that treat diseases such as cancer. As shown above, these drugs account for a growing share of pharmacy spending. Through our integrated specialty pharmacy, PrecisionRx Specialty Solutions, we are working with members and providers to help realize the full potential of these breakthrough drugs to improve patient care. Specialty pharmaceuticals often require special handling and storage, and they are administered by injection or infusion. PrecisionRx Specialty Solutions offers our members highly integrated care coordination from the procurement of these drugs to guidance for their most effective use.

Sources: Centers for Medicare & Medicaid Services, Office of the Actuary; IMS Health; WellPoint projection

# Promote better health for the entire community by helping people take better care of themselves

WellPoint's mission is to improve not only the lives of our members but also the health of our communities, and improving public health is one of the critical challenges confronting the health care system in America today.

According to a 2006 study by the Agency for Healthcare Research and Quality, too few Americans are being screened and counseled to prevent cancer, obesity, asthma, and diabetes, among other conditions. This shortfall in quality care is measured in lost lives, in reduced quality of life, and in health care resources spent on fixing avoidable errors.

Measuring whether Americans are living healthy lifestyles and getting the preventive services and health care they need is one of the ways we are tracking our progress in improving the health care system for everyone — not just our own members.





## **"6**Improving the state of public health

Our values and our commitment to transform health care begin with our own members but extend to the entire community. WellPoint works with public and private organizations to educate and encourage all individuals to lead healthier lifestyles, make health care more affordable, improve access to the health care system, and reduce health care disparities in underserved communities.

#### **Member Health Index**

WellPoint is the first health benefits company to develop a Member Health Index to track our progress in improving the health of our 34 million members nationwide. The Member Health Index tracks 20 broad measures in four areas:

- Screening and prevention, with an emphasis on cancer and cholesterol screening, and childhood immunizations.
- Care management, focused on conditions such as asthma, diabetes, hypertension and behavioral health.
- Clinical outcomes, measured by emergency room visits for asthma, diabetes and heart failure, as well as selected hospital admissions for chronic illnesses.
- Patient safety, including medication monitoring.

Gains in these areas will mean that our members will have improved health and receive state-of-the-art care for their illnesses.

#### **Curbing obesity**

One of the greatest public health challenges nationwide is obesity. Because of the close relationship between obesity and health conditions such as heart disease and diabetes, more than 9 percent of medical spending in the United States is related to obesity. And the problem is getting worse.

For example, in West Virginia, 64 percent of adults are obese or overweight — an increase of 83 percent in just the past two decades. In an effort to curb the obesity problem there, UniCare Health Plan of West Virginia — a WellPoint subsidiary that is part of our State-Sponsored business unit — has entered a groundbreaking collaboration with Weight Watchers® of West Virginia, Inc. The program is aimed at helping the more than 75,000 UniCare Medicaid beneficiaries in the state.

As a first-of-its-kind program, the collaboration will allow UniCare's members — with a physician's approval — the opportunity to participate in the Weight Watchers® program free of charge. In addition, the program is available to children and adolescents from 10 to 17 years of age.

#### **Corporate philanthropy**

With nearly \$183 million in net assets, the WellPoint Foundation and its affiliated foundations have established one of the country's largest social legacies dedicated to improving the health of our communities.

In 2006, the WellPoint Foundation paid out approximately \$20 million in grants, including approximately \$9 million to community health clinics, health screenings, children's hospitals, health coverage education, and programs to improve public health access and reduce health disparities.

In addition, over the past decade, WellPoint companies have helped create and fund independent charitable foundations that have generated billions of dollars in assets dedicated to projects and initiatives that expand access to affordable quality health care, eliminate health care disparities and promote disease prevention.

Our foundations have funded innovative ways to expand access to the health care system. For instance, mobile medical units in Virginia and Kentucky provide medical care to those unable to travel to free clinics, as well as to people living in underserved neighborhoods. WellPoint also funded a telemedicine program that enables individuals in rural areas to access specialty care using computer technology.

#### **WellPoint State Health Index**

To support our commitment to measurable improvements in public health, we developed the WellPoint State Health Index, based on measures from many public sources, to track our progress in the states where we currently serve a significant share of the population.

The WellPoint State Health Index tracks a total of 23 measures of public health — not just the health of our own members — divided into five categories:

- Maternity and prenatal care
- Preventive care
- Lifestyle
- Behavioral health
- Morbidity and mortality

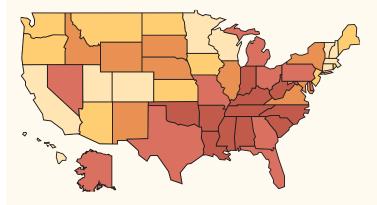
If we are succeeding in our mission, we believe we should see significant improvement in the WellPoint State Health Index measures.

It is an ambitious goal, but our entire company is focused on it — and it is one of the major ways we evaluate our performance in fulfilling both our corporate mission and our strategy to truly transform health care.

## WellPoint Health Status Rankings, 2006

#### 1 is best, 51 is worst

**1**-10 **1**1-20 **2**1-30 **3**1-40 **4**1-51



## Rankings of states where WellPoint operates Blue Cross and Blue Shield Association-licensed plans:

# 3	Connecticut	#29	Virginia
# 7	New Hampshire	#35	Nevada
# 8	Wisconsin	#38	Ohio
# 9	Colorado	#39	Missouri
#10	California	#40	Georgia
#11	Maine	#43	Indiana
#27	New York	#47	Kentucky

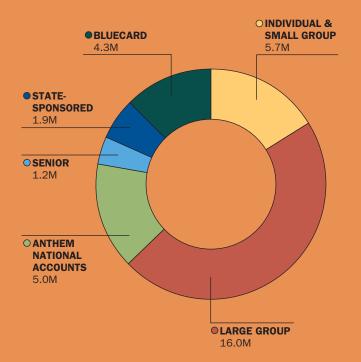
## WellPoint, Inc.

## At a glance...

WellPoint's health benefits operations include Anthem Blue Cross and Blue Shield plans serving members in Colorado, Connecticut, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, Ohio, Virginia and Wisconsin; Blue Cross of California; Blue Cross Blue Shield of Georgia; and Empire Blue Cross Blue Shield in New York. We also serve members across the nation through UniCare.

#### Our health plan customers

WellPoint has one of the most diverse customer bases of any health plan. The following chart indicates members, in millions, as of December 31, 2006.



- O **Individual and Small Group** WellPoint is the nation's largest individual and family insurer.
  - 2.5 million individual members largest insurer in the nation.
  - 3.2 million small group members.
- Large Group Large group clients included local groups of 51 to 999 members, or local groups with 1,000 or more eligible members, where 95 percent of those eligible members resided in a single state.
- O **Anthem National Accounts** In 2006, WellPoint insured 5.0 million members in our Anthem National Accounts business, which served national employers of more than 5,000 employees. In 2006, 193 *Fortune* 500 companies were Anthem National Accounts clients.
- Senior WellPoint is one of the nation's largest Medicare Supplement and Medicare Advantage insurers, with products and services available in 50 states.
- State-Sponsored With 1.9 million members in 14 states, WellPoint is one of the nation's largest and most experienced Medicaid and State Children's Health Insurance Program (SCHIP) managed care companies.
- BlueCard Through the BlueCard program, WellPoint's 14 Blue Cross and Blue Shield Association-licensed plans give 4.3 million members of other independent Blue plans access to our provider networks and discounts for services covered under their own benefit plans.

## In 2006 BusinessWeek magazine ranked WellPoint #2 of the 50 best-performing public corporations in the Standard & Poor's 500.

#### **Specialty companies**

WellPoint has a number of specialty companies that provide a full range of benefits and services to our health plan and other customers, such as:

- Pharmacy Benefit Management (PBM) NextRx is the nation's fourth-largest PBM, with approximately 393 million prescriptions in 2006. PrecisionRx Specialty Solutions serves members with special pharmaceutical needs. In 2006, the number of such prescriptions more than doubled.
- **Vision and Dental** With approximately 2 million members, WellPoint has one of the largest vision networks in the United States. WellPoint is also the nation's seventh-largest dental benefits provider.
- **Behavioral Health** WellPoint's behavioral health company is the third-largest owned by a health plan.
- Life and Disability With more than 75,000 group customers and approximately 6 million members, WellPoint's affiliated life companies collectively constitute the twelfth-largest group life carrier in the country. WellPoint companies also make up the nation's largest group life insurance carrier in the under-100 employees market.

## In 2007 WellPoint ranked

#1 on *Fortune* magazine's list of America's Most Admired Companies in health insurance and managed care.

#### Other subsidiaries

WellPoint has other subsidiaries providing a variety of products and services:

- National Government Services administers government health benefits programs, primarily Medicare. WellPoint is the nation's largest Medicare contractor, handling more than 208 million Medicare claims in 2006.
- Health Management Corporation (HMC) is a leader in the management of chronic illnesses such as diabetes, asthma, and coronary artery disease. HMC provides a broad array of health and wellness programs, including disease management, health coaching, specialty care management and worksite wellness to our customers and other health plans.
- HealthCore employs a staff of health care experts who analyze years of patient data (with no personal identifiers) representing millions of lives. Their research provides important evidence that supports our quality of care initiatives.

#### Social responsibility

- Our corporate foundations have total net assets of nearly \$183 million, ranking among the nation's top corporate foundations.
- The WellPoint Foundation paid out approximately \$20 million in grants in 2006.
- WellPoint's 2006-2007 Associate Giving Campaign resulted in associate and Foundation matching grants of \$20.7 million to community causes.
- WellPoint has created or funded independent charitable foundations in many states we serve, with billions of dollars in assets.
- WellPoint's Social Responsibility Report is available online at www.wellpoint.com.

### **Financial Highlights**

The information presented below is as reported in WellPoint's 2006 Annual Report on Form 10-K. On December 28, 2005, WellPoint acquired WellChoice, Inc. The acquisition was deemed effective December 31, 2005 for accounting purposes; accordingly, 2005 operating results and earnings per share do not include WellChoice. However, balance sheet information and medical membership as of December 31, 2005 include WellChoice. On November 30, 2004, Anthem, Inc. merged with 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.

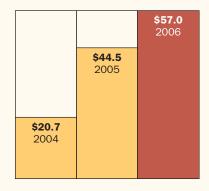
Years Ended Do	ecember 31.
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Dollars in millions, except per share data		2006		2005		2004
Operating Results						
Total operating revenue	\$56.	074.6	\$43	,918.4	\$20	,353.7
Total revenue	56,953.0		44,541.3		20,707.9	
Net income	3,094.9		2,463.8		960.1	
Earnings Per Share						
Basic net income	Ś	4.93	\$	4.03	\$	3.15
Diluted net income	Ť	4.82	,	3.94	•	3.05
<b>Balance Sheet Information</b>						
Total assets	<b>\$51</b> ,	759.8	\$51	,287.2	\$39	,663.3
Total liabilities	27,	184.0	26	,294.1	20	,204.3
Total shareholders' equity	24,	575.8	24	,993.1	19	,459.0
Medical Membership (000s)						
Total medical membership	3	4,101	;	33,856	:	27,728

- 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 2006 Annual Report on Form 10-K.
- Note 2: Certain prior year amounts have been reclassified to conform to current year presentation.

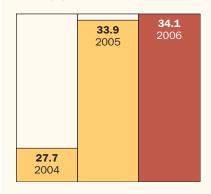
#### **Total Revenue**

In billions

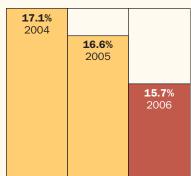


#### **Total Medical Membership**

In millions



#### Selling, General and Administrative Expense Ratio



#### **Consolidated Balance Sheets**

		December 31,
In millions, except share data	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 2,602.1	\$ 2,740.2
Investments available-for-sale, at fair value:	,	
Fixed maturity securities (amortized cost of \$481.5 and \$734.8)	465.4	734.6
Equity securities (cost of \$1,669.7 and \$1,388.4)	1,984.5	1,448.2
Other invested assets, current	72.8	307.0
Accrued investment income	157.2	156.8
Premium and self-funded receivables	2,520.2	2,216.4
Other receivables	1,172.7	743.7
Securities lending collateral	904.7	1,389.9
Deferred tax assets, net Other current assets	642.6	689.0
	1,284.5	1,022.7
Total current assets	11,806.7	11,448.5
Long-term investments available-for-sale, at fair value:	44.070.4	44.005.5
Fixed maturity securities (amortized cost of \$15,004.6 and \$14,941.0)	14,972.4	14,825.5
Equity securities (cost of \$82.7 and \$71.3)	86.2 628.8	72.7 207.8
Other invested assets, long-term	988.6	
Property and equipment, net Goodwill	13,383.5	1,078.6 13,469.1
Other intangible assets	9,396.2	9,686.4
Other intaligible assets  Other noncurrent assets	497.4	498.6
Total assets	\$51,759.8	\$51,287.2
	,,	,,
Liabilities and Shareholders' Equity		
Liabilities		
Current liabilities:		
Policy liabilities:	¢ = 200.2	¢ 4 052 4
Medical claims payable	\$ 5,290.3 76.3	\$ 4,853.4 82.1
Reserves for future policy benefits  Other policyholder liabilities	2,240.6	1,752.3
	· · · · · · · · · · · · · · · · · · ·	•
Total policy liabilities	7,607.2	6,687.8
Unearned income	987.9	1,057.1
Accounts payable and accrued expenses Income taxes payable	3,242.2 538.2	2,860.4 833.4
Security trades pending payable	124.8	181.8
Security trades perfuring payable  Securities lending payable	904.7	1,389.9
Current portion of long-term debt	521.0	481.2
Other current liabilities	1,397.4	1.286.8
Total current liabilities	15,323.4	,
Long-term debt, less current portion	6,493.2	14,778.4 6,324.7
Reserves for future policy benefits, noncurrent	646.9	679.9
Deferred tax liability, net	3,350.2	3,267.1
Other noncurrent liabilities	1,370.3	1,244.0
Total liabilities	27,184.0	26,294.1
Commitments and contingencies		
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: 615,500,865 and 660,424,174	6.1	6.6
Additional paid-in capital	19,863.5	20,915.4
Retained earnings	4,656.1	4,173.5
Unearned share-based compensation	_	(82.1)
Accumulated other comprehensive income (loss)	50.1	(20.3)
Total shareholders' equity  Total liabilities and shareholders' equity	24,575.8 \$51,759.8	24,993.1 \$51,287.2

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2006 Annual Report on Form 10-K.

#### **Consolidated Statements of Income**

Year ended December 31. In millions, except per share data 2006 2005 2004 Revenues Premiums \$51,971.9 \$40,680.0 \$18,678.3 Administrative fees 3,509.6 2,719.2 1,457.0 593.1 519.2 218.4 Other revenue 20,353.7 Total operating revenue 56,074.6 43,918.4 878.7 311.7 Net investment income 633.1 Net realized (losses) gains on investments 42.5 (0.3)(10.2)**Total revenues** 56,953.0 44,541.3 20,707.9 **Expenses** 42,218.8 15,280.6 Benefit expense 32,625.2 Selling, general and administrative expense: Selling expense 1,654.5 1,474.2 537.2 7,163.2 General and administrative expense 5,798.5 2,940.5 Total selling, general and administrative expense 8,817.7 7,272.7 3,477.7 301.2 288.0 95.0 Cost of drugs 403.5 226.2 142.3 Interest expense Amortization of other intangible assets 297.4 238.9 61.4 Merger-related undertakings 61.5 Loss on repurchase of debt securities 146.1 52,038.6 40,651.0 19,264.6 **Total expenses** 1,443.3 Income before income tax expense 4,914.4 3,890.3 Income tax expense 1,819.5 1,426.5 483.2 **Net income** \$ 3,094.9 \$ 2,463.8 960.1 Net income per share Basic \$ 4.93 \$ 4.03 \$ 3.15 Diluted \$ 4.82 \$ 3.94 3.05 \$

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2006 Annual Report on Form 10-K.

#### **Consolidated Statements of Cash Flows**

In millions			,
	2006	2005	2004
Operating Activities			
•	\$ 3.094.9	\$ 2,463.8	\$ 960.1
Net income Adjustments to reconcile net income to net cash	\$ 3,094.9	\$ 2,463.8	ъ 960.1
provided by operating activities:			
Net realized losses (gains) on investments	0.3	10.2	(42.5)
Loss on disposal of assets	1.7	2.7	0.8
Loss on repurchase of debt securities	1.7	2.1	146.1
Deferred income taxes	273.7	(102.6)	(103.4)
Amortization, net of accretion	471.9	437.9	191.0
Depreciation expense	133.0	118.7	78.1
Share-based compensation	246.9	81.2	10.0
Excess tax benefits from share-based compensation	(136.5)	01.2	10.0
Changes in operating assets and liabilities, net of	(130.3)		
effect of business combinations:			
Receivables, net	(649.4)	(230.4)	(2.5)
Other invested assets, current	234.9	(250.4)	(2.5)
Other assets	(362.4)	(165.6)	(89.9)
Policy liabilities	874.2	46.3	26.8
Unearned income	(69.5)	(38.2)	34.0
Accounts payable and accrued expenses	(91.7)	188.6	(33.1)
Other liabilities	134.2	(136.7)	28.5
Income taxes	(112.0)	459.6	(125.5)
Net cash provided by operating activities	4,044.2	3,135.5	1,078.5
	4,044.2	3,135.5	1,078.5
Investing Activities			
Purchases of fixed maturity securities	(11,198.0)	(17,457.0)	(7,242.7)
Proceeds from fixed maturity securities:			
Sales	9,630.1	14,391.4	6,273.5
Maturities, calls and redemptions	721.6	1,344.5	952.5
Purchase of equity securities Proceeds from sales of equity securities	(2,434.5) 2,950.9	(4,530.6) 4,480.0	(6.6) 1.3
Changes in securities lending collateral	485.2	(731.4)	242.0
Purchases of subsidiaries, net of cash acquired	(25.4)	(2,589.7)	(2,239.9)
Proceeds from sales of subsidiaries, net of cash sold		92.8	_
Purchases of property and equipment	(193.9)	(161.8)	(136.8)
Proceeds from sale of property and equipment	6.4	10.2	9.1
Other, net	(399.7)	_	15.7
Net cash used in investing activities	(457.3)	(5,151.6)	(2,131.9)
Financing Activities			
Net (repayments of) proceeds from commercial paper borrowings	(306.0)	808.2	793.2
Proceeds from long-term borrowings	2,668.2	1,700.0	1,770.2
Repayment of long-term borrowings	(2,162.1)	(155.1)	(798.5)
Changes in securities lending payable	(485.2)	731.4	(242.0)
Changes in bank overdrafts	414.3	121.2	224.7
Repurchase and retirement of common stock	(4,550.2)	(333.4)	(82.3)
Proceeds from exercise of employee stock options and employee stock purchase plan	559.5	429.3	159.0
Proceeds from sale of put options	555.5	1.1	159.0
Excess tax benefits from share-based compensation	136.5		
Proceeds from issuance of common stock under Equity Security Unit			
stock purchase contracts	_	_	230.0
Costs related to issuance of common stock		(3.6)	(8.2)
Net cash (used in) provided by financing activities	(3,725.0)	3,299.1	2,046.1
Change in cash and cash equivalents	(138.1)	1,283.0	992.7
Cash and cash equivalents at beginning of year	2,740.2	1,457.2	464.5
Cash and cash equivalents at end of year	\$ 2,602.1	\$ 2,740.2	\$ 1,457.2

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2006 Annual Report on Form 10-K.

#### **Board of Directors**

#### Larry C. Glasscock

Chairman, 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

Owner

The Hill Company

#### Warren Y. Jobe

Former Senior Vice President Southern Company

#### **Victor S. Liss**

Vice Chairman Trans-Lux Corporation

#### William G. Mays

President and Chief Executive Officer Mays Chemical Company, Inc.

#### 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

TD Banknorth Inc.

#### George A. Schaefer, Jr.

Chairman

Fifth Third Bancorp

#### Jackie M. Ward

Retired Chief Executive Officer Computer Generation Inc.

#### John E. Zuccotti

Chairman, Brookfield Properties Corp. and of Counsel, Weil, Gotshal & Manges LLP



#### **Board Committees**

#### **Audit Committee**

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

#### **Compensation Committee**

William J. Ryan, Chairperson Sheila P. Burke Jane G. Pisano, Ph.D. Senator Donald W. Riegle, Jr. Jackie M. Ward

#### **Executive Committee**

Larry C. Glasscock, Chairperson William H.T. Bush Warren Y. Jobe William J. Ryan Jackie M. Ward

#### **Governance Committee**

Jackie M. Ward, Chairperson Susan B. Bayh William H.T. Bush Julie A. Hill Senator Donald W. Riegle, Jr. John E. Zuccotti

#### **Planning Committee**

William H.T. Bush, Chairperson Lenox D. Baker, Jr., M.D. Julie A. Hill Jane G. Pisano, Ph.D.

### Standing from left to right:

Ramiro G. Peru; Senator Donald W. Riegle, Jr.; Jane G. Pisano, Ph.D.; Lenox D. Baker, Jr., M.D.; Victor S. Liss; George A. Schaefer, Jr.; Warren Y. Jobe; Susan B. Bayh; William J. Ryan; William H.T. Bush; Jackie M. Ward; and John E. Zuccotti

#### Sitting from left to right:

William G. Mays; Sheila P. Burke; Larry C. Glasscock; and Julie A. Hill

#### **Executive Leadership**

#### Larry C. Glasscock\*

Chairman, President and Chief Executive Officer

#### Mark L. Boxer

President and CEO
Operations, Technology and
Government Services and
Executive Vice President

#### Angela F. Braly\*

Executive Vice President, General Counsel and Chief Public Affairs Officer

#### Randal L. Brown

Executive Vice President and Chief Human Resources Officer

#### **David C. Colby**

Vice Chairman and Chief Financial Officer

#### Marjorie W. Dorr

Executive Vice President and Chief Strategy Officer

#### Joan E. Herman

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

#### Randall J. Lewis

Executive Vice President, Internal Audit and Chief Compliance Officer

#### Samuel R. Nussbaum, M.D.

Executive Vice President and Chief Medical Officer

#### Alice F. Rosenblatt, F.S.A.

Executive Vice President, Integration and Information Management Officer and Chief Actuary

#### John S. Watts, Jr.

Group Vice President and President and CEO Commercial and Consumer Business

\*On February 26, 2007, WellPoint announced that Larry C. Glasscock will retire as President and Chief Executive Officer, effective June 1, 2007. Mr. Glasscock will continue to serve as Chairman of the Board. Concurrently, WellPoint's Board of Directors named Angela F. Braly as President and Chief Executive Officer and a member of the Board of Directors, also effective June 1, 2007. Ms. Braly will continue to serve as General Counsel and Chief Public Affairs Officer until becoming President and CEO.

#### **Shareholder Information**

#### **Corporate Headquarters**

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

#### **Account Questions**

Our transfer agent, Computershare, 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 Computershare toll-free at:

(866) 299-9628 Monday-Friday, excluding holidays, 9 a.m. to 5 p.m. Eastern Time

Written correspondence can be sent to:

WellPoint Shareholder Services c/o Computershare Trust Company, N.A. P.O. Box 43037 Providence, RI 02940-3037

E-mail: wellpoint@ computershare.com

### Investor and Shareholder Information

Shareholders may receive, without charge, a copy of WellPoint, Inc.'s Annual Report on Form 10-K, including consolidated financial statements, as filed with the Securities and Exchange Commission (which is WellPoint, Inc.'s Annual Report to Shareholders). WellPoint's Summary Annual Report and other information are also available on WellPoint's Investor Relations Web site 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: michael.kleinman@
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 at 10:00 a.m. Eastern Daylight Time on May 16, 2007, 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 NYSE under the symbol "WLP." On February 12, 2007, the closing price on the NYSE was \$80.69. As of February 12, 2007, there were 146,423 shareholders of record of the Common Stock. The following table presents high and low sales prices for the Common Stock on the NYSE for the periods indicated.

High	Low
\$80.37	\$71.62
77.70	65.50
79.93	72.12
79.07	70.15
\$63.98	\$54.58
71.23	58.20
77.40	65.06
80.40	70.25
	\$80.37 77.70 79.93 79.07 \$63.98 71.23 77.40

<sup>&</sup>lt;sup>1</sup> The market prices for the Company's stock reflect the two-for-one stock split, which was approved by the Board of Directors on April 25, 2005.

#### **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.

## **Our Vision**

WellPoint will transform health care and become the most valued company in our industry.

#### **Our Mission**

Improve the lives of the people we serve and the health of our communities.





#### WellPoint, Inc.

120 Monument Circle, Indianapolis, IN 46204 www.wellpoint.com

WLP-AR-2007