Anthem Inc. Stock – Tax Related Questions

We strongly advise you to consult your tax advisor if you have any questions about tax implications of the demutualization and the exchanges. The information below is provided for your ease of reference in response to frequently asked questions, and should not be construed as tax advice. You should contact your tax advisor.

WellChoice, Inc. tax questions

Is the exchange of my WellChoice, Inc. shares for Anthem, Inc., formerly known as WellPoint, Inc., shares a taxable event?

For most shareholders, when you exchange your WellChoice, Inc. shares for Anthem, Inc., formerly known as WellPoint, Inc., shares and cash, you will have taxable income equal to the lesser of cash received or gain on WellChoice, Inc. shares. The amount of the gain on WellChoice, Inc. shares is the excess, if any, of (i) the sum of the cash and fair market value of Anthem, Inc. stock received, over (ii) your cost of the WellChoice, Inc. stock (your tax basis). This taxable income would usually be treated as capital gain. Whether the gain is long term or short term is determined using the date that the WellChoice, Inc. shares were acquired as the acquisition date.

There are exceptions to these general tax rules so we strongly advise you to consult your tax advisor if you have any questions about tax implications of the exchange. For a discussion of the tax implications of the exchange, please read the November 21, 2005, Proxy Statement/Prospectus section entitled "Material United States Federal Income Tax Consequences of the Merger." The Proxy Statement/Prospectus was mailed to shareholders on or about November 21, 2005.

What is the date of conversion?
December 28, 2005

What is the fair market value of WellChoice, Inc. stock on the date of conversion?
The closing price of WellChoice on December 28, 2005 was $79.07.

What is the fair market value of Anthem, Inc., formerly known as WellPoint Inc., stock on the date of conversion? The closing price of Anthem, Inc. on December 28, 2005 was $78.81.

WellPoint Health Networks Inc. tax questions

Is the exchange of my WellPoint Health Networks Inc. shares for Anthem, Inc., formerly known as WellPoint, Inc., shares a taxable event?
For most shareholders, when you exchange your WellPoint Health Networks Inc. shares for Anthem, Inc. shares and cash, you will have taxable income equal to the lesser of cash received or gain on WellPoint Health Networks, Inc. shares. The amount of the gain on WellPoint Health Networks, Inc. shares is the excess, if any, of (i) the sum of the cash and fair market value of Anthem, Inc. stock received, over (ii) your cost of the WellPoint Health Networks Inc. stock (your tax basis). This taxable income would usually be treated as capital gain. Whether the gain is long term or short term is determined using the date that the

WellPoint Health Networks Inc. shares were acquired as the acquisition date. There are exceptions to these general tax rules so we strongly advise you to consult your tax advisor if you have any questions about tax implications of the exchange. For a discussion of the tax implications of the exchange, please read the Joint Proxy Statement/Prospectus section entitled "Material United States Federal Income Tax Consequences of the Merger." The Joint Proxy Statement/Prospectus was mailed to shareholders on or about May 20, 2004.

What is the date of conversion?
November 30, 2004

What is the fair market value of WellPoint Health Networks Inc. stock on the date of conversion? The closing price of WellPoint Health Networks on 11/30/2004 was $125.10

What is the fair market value of Anthem, Inc. stock on the date of conversion?
The closing price of Anthem, Inc. on 11/30/2004 was $101.33

Trigon Exchange tax questions

Is the exchange of my Trigon shares for Anthem, Inc. a taxable event?
In most cases, when you exchange your Trigon shares for Anthem, Inc. shares and cash, you will recognize gain (but not loss) equal to the lesser of:
-the excess, if any, of (i) the sum of the cash and fair market value of Anthem, Inc., stock received ($67.88/share), over (ii) your cost of the Trigon stock (your tax basis), or -the cash that you received.

Will this be taxed as long-term or short-term capital gain?
Any gain will be treated as long-term capital gain if your Trigon stock was held for more than 12 months prior to the merger. Otherwise it will be treated as short-term capital gain.

What is my cost basis for Anthem, Inc. stock now that the Trigon stock that I received upon Trigon's demutualization is now Anthem, Inc. stock?
If you received your Trigon stock as a result of Trigon's demutualization, then your Anthem, Inc. stock cost basis is zero since the cost basis for the Trigon stock at demutualization was zero.
If you purchased your shares of Trigon stock, then your cost basis for the Anthem, Inc. stock would be the same as the cost basis for the Trigon stock.

What is the date of conversion?
7/31/2002

What is the fair market value of Anthem, Inc. stock on the date of conversion?
The closing price of Anthem, Inc. on 7/31/2002 was $67.88

What is the fair market value of Trigon stock on the date of conversion? The closing price of Trigon on 7/31/2002 was $101.71

Anthem, Inc. Demutualization tax questions

What kind of taxable event is there when I received the distribution in 2002? If you received **cash** as your distribution, the cost basis is zero, the entire amount is taxable. Your holding period or acquisition date, is the start date of your policy and your sell date is November 2, 2001. It is considered a long-term capital gain if you were a policyholder for more than one year on 11/2/2001, and a short-term capital gain if you were a policyholder for less than one year on 11/2/2001. If you received **stock** as your distribution, you will not be subject to income tax on the receipt of stock in the demutualization. If you later sell, or otherwise dispose of the stock, you will be subject to income tax on the full amount you receive from the sale, as the cost basis is zero (see Demutualization Cost Basis below). Any proceeds will be treated as a short-term capital gain, if you have been a Statutory Member for less than one year. If you have been a Statutory Member for more than one year, the proceeds will be treated as a long-term capital gain.

Do I have to pay taxes on the stock I received in demutualization?
Taxes will be due upon sale of the stock.

When will I get my 1099-B?
It was included with the check. If you need a duplicate copy, please call our service center, Computershare, toll-free at 1-866-299-9628.

What is the cost basis?
Zero (see Demutualization Cost Basis below).

Demutualization Cost Basis

In connection with the demutualization and as required by the Plan of Conversion approved by the Indiana Commissioner of Insurance, Anthem received a Tax Opinion to the effect that the tax basis of the shares of common stock to be received by Eligible Statutory Members of Anthem Insurance in the demutualization would be zero. A copy of that Tax Opinion was included in information provided to Statutory Members at that time. We believe that the Tax Opinion accurately reflected the position of the IRS at the time and we have not been advised by the IRS of any change in its position.

In 2008, a court issued a decision in favor of a taxpayer seeking a refund of taxes paid using a zero tax basis with regard to shares received in a different mutual insurance company demutualization transaction. It is our understanding that the IRS has appealed that decision.

We suggest that you consult your personal tax advisor as to the tax basis of shares received in the Anthem demutualization. We are not in a position to advise you, and are not advising you on, or making any representation concerning, your tax basis in Anthem common stock.

We strongly advise you to consult your tax advisor if you have any questions about tax implications of the demutualization and the exchanges. The information above is provided for your ease of reference in response to frequently asked questions, and should not be construed as tax advice. You should contact your tax advisor.