

To Our Shareholders, Customers and Communities

2010 WAS A MOMENTOUS YEAR. HEALTH CARE REFORM IS NOW THE LAW OF THE LAND, AND WELLPOINT IS COMMITTED TO MAKING IT WORK FOR OUR CUSTOMERS, SHAREHOLDERS AND ASSOCIATES. IN FACT, WE MADE GOOD PROGRESS IN 2010, IMPLEMENTING MAJOR PROVISIONS OF HEALTH CARE REFORM, SOME AHEAD OF THE DEADLINES SET IN THE LEGISLATION.

Of course, health care reform remains a work in progress. Clarity about the programs and their impact will gradually emerge through 2014 and beyond as supporting regulations are finalized, and the new state-run exchanges are established. These developments will truly determine how the new law will affect consumers.

As the industry leader—serving more medical members in the United States than any other health benefits company, with about one in nine Americans a member of one of our affiliated health plans—WellPoint has the responsibility and the opportunity to help lead this change. That leadership builds

on a forward-looking strategy and a solid foundation of operational excellence.

We performed well in 2010, delivering full-year 2010 adjusted earnings per share (EPS) of \$6.74, which was above our original guidance and nearly 11 percent above our 2009 adjusted EPS of \$6.09. We delivered these results despite a weak economy and high unemployment rates, which continued to impact the way Americans access health care. We exceeded our goals in many areas and provided a significant return of capital to shareholders following the 2009 sale of our pharmacy benefits management company to Express Scripts, Inc.

Although our enrollment declined by 1 percent during 2010, that decline was primarily due to the strategic transfer of our UniCare business in Texas and Illinois to another Blue Cross and Blue Shield plan. In our Blue-branded and government-sponsored businesses, we achieved organic growth of 169,000 members, or 0.5 percent, collectively.

At the same time, we used our capital to reinvest in our businesses and enhance returns for shareholders. In February 2011, we were pleased to announce that WellPoint will begin paying a dividend on our stock for the first time in the company's history. The declaration by the board of a \$0.25 per share quarterly dividend, along with the expansion of our share repurchase program, is an expression of confidence in our strategy, future growth outlook and cash flow.

Finally, over the course of 2010, we refreshed our corporate strategy and implemented organizational changes that enhance our ability to drive increased affordability for our customers in the changing health care marketplace. We believe this strategy supports a long-term earnings per share growth rate target of at least 10 percent.

Let me outline for you how we are positioning WellPoint for future success.



ANGELA F. BRALY

Chair, President and Chief Executive Officer

BUILD ON STRENGTH We believe we will win in the new marketplace by building on our strengths in the health benefits industry, including increasing market share in growth businesses, nurturing investments in stable businesses and optimizing near-term potential in others.

Starting January 1, 2011, reform requires that at least 80 or 85 percent of premiums paid go toward medical care and some quality programs for certain products. This means it is very important to operate with administrative efficiency while continuing to provide good customer service. During 2010, we reduced our selling, general and administrative expenses by \$271 million, or 3 percent, and we currently have one of the most competitive operating cost structures in our industry. We are committed to further improving our position through our meaningful continuous improvement efforts.

Through our Blue Cross and Blue Shield affiliation, we offer access to the

largest network of doctors and hospitals in the nation, with a leading cost structure, innovative medical management programs and capabilities, and strong customer service. These assets have been the primary driver of our continued success in National Accounts. In fact, we expect 2011 to be the tenth consecutive year of enrollment growth in our National business.

Another market in which we continue to grow is the Senior business. We recently completed an annual open enrollment period for our Medicare Advantage products, and we expect to achieve moderate growth in all of our Senior products in 2011. More importantly, 2011 marked the beginning of a significant demographic change in our nation with the first baby boomers turning 65. Over the next 20 years, an estimated 1 million baby boomers will age into the Senior market each year in our Blue states. Our Blue Cross and Blue Shield brand name is particularly strong with this group of consumers. This

presents a substantial growth opportunity for us, and we are well-positioned to benefit from this movement.

There is also significant growth potential in the State Sponsored market. An estimated 20 million individuals are expected to enroll in Medicaid or related state programs over the next decade as a result of changes in program eligibility. States are also increasingly evaluating the benefits that managed care can bring to their Medicaid programs. Medicaid managed care can be a positive solution for many states, as health plans are often able to lower state Medicaid costs while improving the quality of care for program beneficiaries.

Given our strength with employer-sponsored plans, the diversity of our business and geography, the growth opportunities we see in the Senior and State Sponsored markets, the potential for an improving economy and other industry changes, we are optimistic that we can grow membership organically over the next several years.

We are optimistic about the future. We have the right strategy, structure and people to lead change and win by making the health care system work for our customers, shareholders and associates.

Premiums are a reflection of the underlying cost of providing health care benefits to our members. We continue to implement innovative programs designed to lower costs while improving the quality of care. This year, the nationwide expansion of our Anthem Care Comparison online tool gives consumers increased transparency into the cost and quality of health care services.

We are taking a leadership role in the area of payment innovation, having introduced a number of new reimbursement models throughout 2010. We are working with a number of provider organizations in accountable care organization (ACO) pilot programs and patient-centered medical home programs to help modernize and increase the coordination of care for our members.

In this report, you will read about many other initiatives that will enable us to continue powering healthier tomorrows, including new ways of partnering with doctors and other health care providers to pay for

value in health care rather than volume, as well as many programs designed to help our healthy members stay well, and to help our members with chronic illness effectively manage their conditions.

EXPAND WITH PURPOSE Innovation is driving our mission to improve the lives of the people we serve and the health of our communities. With health care costs now constituting one-sixth of our nation's Gross Domestic Product and rising, we will continue to look for ways to make health care more affordable as we continue to grow over the long term.

As we look to expand with purpose in the years to come, we will focus on three key opportunities: 1) Helping consumers live better by expanding and reinventing access to "healthy care" services; 2) Using a disciplined approach to create a robust portfolio of future ventures; and 3) Exporting and expanding our leading capabilities and assets into international markets.

I want to thank our more than 37,000 associates for their hard work and dedication to our customers in 2010. Their efforts enabled us to execute on our plans and exceed our goals.

I also want to thank you, our shareholders, for your continued loyalty and support during a historic year for our industry. We remain committed to earning good returns for you on your investments.

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Angela F. Braly
Chair, President and CEO