

WELLPOINT INC  
Form S-4  
October 27, 2005  
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As Filed with the Securities and Exchange Commission on October 26, 2005

Registration No. 333-

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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

## FORM S-4

### REGISTRATION STATEMENT

*UNDER*

*THE SECURITIES ACT OF 1933*

## WELLPOINT, INC.

*(Exact name of Registrant as specified in its charter)*

**Indiana**  
*(State or other jurisdiction  
of incorporation)*

**6324**  
*(Primary Standard Industrial  
Classification Code Number)*

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

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**120 Monument Circle**

**Indianapolis, Indiana 46204**

**(317) 488-6000**

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

**Angela F. Braly, Esq.**

**Executive Vice President, General Counsel and Chief Public Affairs Officer**

**WellPoint, Inc.**

**120 Monument Circle**

**Indianapolis, Indiana 46204**

**(317) 488-6000**

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

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With copies to:

<b>Daniel G. Dufner, Jr., Esq.</b>	<b>Linda Tiano, Esq.</b>	<b>Dennis J. Friedman, Esq.</b>
<b>Kevin Keogh, Esq.</b>	<b>WellChoice, Inc.</b>	<b>Barbara L. Becker, Esq.</b>
<b>White &amp; Case LLP</b>	<b>11 West 42<sup>nd</sup> Street</b>	<b>Gibson, Dunn &amp; Crutcher LLP</b>
<b>1155 Avenue of the Americas</b>	<b>New York, New York 10036</b>	<b>200 Park Avenue</b>
<b>New York, New York 10036</b>	<b>(212) 476-7800</b>	<b>New York, New York 10166</b>
<b>(212) 819-8200</b>		<b>(212) 351-4000</b>

**Approximate date of commencement of the proposed sale of the securities to the public:** At the effective time of the merger described herein, which shall occur as soon as practicable after the effective date of this registration statement and the satisfaction or waiver of all conditions to the closing of such merger.

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

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

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

**CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered<sup>(1)</sup></b>	<b>Proposed Maximum Offering Price Per Share of Common Stock</b>	<b>Proposed Maximum Aggregate Offering Price<sup>(2)</sup></b>	<b>Amount of Registration Fee</b>
Common stock, par value \$0.01 per share	47,911,988	N/A	\$3,581,672,074.20	\$421,562.81

(1) Represents the maximum number of shares of common stock of WellPoint, Inc. ( WellPoint ), an Indiana corporation, par value \$0.01 per share, estimated to be issuable upon the completion of the merger of WellChoice, Inc. ( WellChoice ), a Delaware corporation, with and into WellPoint Holding Corp., a Delaware corporation and a direct wholly owned subsidiary of WellPoint, based on the estimated maximum number of shares of WellChoice common stock, par value \$0.01 per share, and Class B common stock, par value \$0.01 per share, expected to be outstanding immediately prior to the effective time of the merger,

(2) Pursuant to Rules 457(c) and 457(f) under the Securities Act of 1933, as amended, the registration fee is based on the average of the high and low sales prices of WellChoice common stock as reported on the New York Stock Exchange on October 24, 2005 (\$77.01), and computed based on the estimated maximum number of such shares (89,939,295 shares) that may be exchanged for the WellPoint common stock being registered in the proposed transaction, less \$3,440,178,033.75, the maximum amount of cash consideration that would be paid by WellPoint for such shares of WellChoice common stock in the merger.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933, as amended, or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such

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offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

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**PRELIMINARY PROXY STATEMENT/PROSPECTUS**

**DATED OCTOBER 26, 2005, SUBJECT TO COMPLETION**

**MERGER PROPOSED YOUR VOTE IS IMPORTANT**

Dear Stockholders:

The boards of directors of WellPoint and WellChoice have approved a merger of WellChoice with and into WellPoint Holding Corp., a wholly owned subsidiary of WellPoint.

**If the merger is completed, WellChoice stockholders will have the right to receive \$38.25 in cash, without interest, and WellPoint common stock at a fixed exchange ratio of 0.5191 shares of WellPoint common stock for each share of WellChoice common stock they hold. The implied value of one share of WellChoice common stock on , 2005, the last practicable trading day before the distribution of this proxy statement/prospectus, was \$ , based on the \$ per share closing price of WellPoint common stock on that date plus \$38.25. This value will fluctuate prior to the completion of the merger.**

WellPoint has agreed to file an application with the New York Stock Exchange to have the shares of WellPoint common stock issuable pursuant to the merger listed on the New York Stock Exchange under the symbol WLP.

Approximately 44,994,480 shares of common stock of WellPoint will be issued to WellChoice stockholders in the merger, based on the number of shares of WellChoice common stock outstanding on September 30, 2005. These shares will represent approximately 6.8% of the outstanding common stock of WellPoint after the merger.

We cannot complete the merger unless, among other items, the holders of a majority of the outstanding shares of WellChoice common stock adopt the merger agreement. WellChoice will hold a special meeting of its stockholders to vote on this proposal. **Your vote is important.** The place, date and time of the special meeting is as follows:

, 2005

a.m., local time

**WellChoice's board of directors unanimously**

**recommends that WellChoice stockholders**

**vote FOR the adoption of the merger agreement.**

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Your participation in the special meeting, in person or by proxy, is encouraged. Whether or not you plan to attend the special meeting in person, you should complete, sign, date and return the enclosed proxy card promptly in the accompanying postage paid envelope. If you do not vote, you will have effectively voted against the merger.

**You should be aware that The New York Public Asset Fund, the holder of approximately 62% of WellChoice's outstanding shares, has already agreed with WellPoint to vote or cause to be voted, subject to certain exceptions, all of the shares of WellChoice common stock it owns in favor of the merger. The presence of The New York Public Asset Fund at the meeting, in person, by proxy or otherwise will be sufficient for a quorum at the meeting, and the affirmative vote of the Fund will be sufficient to adopt the merger agreement.**

This proxy statement/prospectus describes the special meeting, the merger, documents related to the merger and other related matters. **Please read this entire proxy statement/prospectus carefully, including the section discussing risk factors beginning on page 23.** You can also obtain information about WellPoint and WellChoice from documents that we have each previously filed with the Securities and Exchange Commission.

WellPoint common stock is listed on the New York Stock Exchange under the symbol WLP. WellChoice common stock is listed on the New York Stock Exchange under the symbol WC.

Sincerely,

**Michael A. Stocker, M.D.**

Chief Executive Officer and President

**WellChoice, Inc.**

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

The date of this proxy statement/prospectus is , 2005, and it is first being mailed or otherwise delivered to WellChoice stockholders on or about , 2005.

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**ADDITIONAL INFORMATION**

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

WellPoint, Inc.	WellChoice, Inc.
120 Monument Circle	11 West 42 <sup>nd</sup> Street
Indianapolis, Indiana 46204	New York, New York 10036
Attention: Corporate Secretary	Attention: Corporate Secretary
Telephone (317) 488-6000	Telephone (212) 476-7800

You will not be charged for any of these documents that you request. WellChoice stockholders requesting documents should do so by \_\_\_\_\_, 2005 in order to receive them before the special meeting.

See WHERE YOU CAN FIND MORE INFORMATION on page 115.

WellChoice stockholders of record may submit their proxies by mail by writing to WellChoice, Inc., 11 West 42<sup>nd</sup> Street, New York, New York 10036.

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11 West 42<sup>nd</sup> Street

New York, New York 10036

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON     , 2005**

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Dear Stockholders:

NOTICE IS HEREBY GIVEN that a special meeting of WellChoice stockholders will be held at     , at     a.m., on     , 2005. The purpose of the WellChoice special meeting is to consider and vote upon the following matters:

a proposal to adopt the Agreement and Plan of Merger, dated as of September 27, 2005, among WellPoint, WellPoint Holding Corp., a direct wholly owned subsidiary of WellPoint, and WellChoice; and

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

In the merger, each outstanding share of WellChoice common stock will be converted into the right to receive \$38.25 in cash, without interest, and 0.5191 shares of WellPoint common stock. Your attention is directed to the proxy statement/prospectus accompanying this notice for a discussion of the merger. A copy of the merger agreement is included as Appendix A to the accompanying proxy statement/prospectus.

WellChoice has fixed the close of business on     , 2005 as the record date for the WellChoice special meeting, and only WellChoice stockholders of record at such time will be entitled to receive notice of, and to vote at, the special meeting or any adjournment or postponement thereof. In order to adopt the merger agreement, holders of a majority of the outstanding shares of WellChoice common stock must vote to adopt the merger agreement. **Your vote is important.** You should be aware that The New York Public Asset Fund, the holder of approximately 62% of WellChoice's outstanding shares, has already agreed with WellPoint to vote or cause to be voted, subject to certain exceptions, all of the shares of WellChoice common stock it owns in favor of the merger. The presence of The New York Public Asset Fund at the meeting, in person, by proxy or otherwise will be sufficient for a quorum at the meeting, and the affirmative vote of the Fund will be sufficient to adopt the merger agreement. A list of WellChoice stockholders entitled to vote at the special meeting will be available for inspection by any stockholder during regular business hours at WellChoice's offices, 11 West 42nd Street, New York, New York 10036, for 10 days prior to the date of the special meeting and will also be available at the special meeting.

All WellChoice stockholders entitled to notice of, and to vote at, the WellChoice special meeting are cordially invited to attend the WellChoice special meeting in person. **However, to ensure your representation at the special meeting, please submit your proxy by mail with voting instructions.** The submission of your proxy will not prevent you from voting in person. Any holder of WellChoice common stock entitled to

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vote who is present at the WellChoice special meeting may vote in person instead of by proxy, thereby canceling any previous proxy. In any event, a proxy may be revoked in writing at any time before the vote is taken at the WellChoice special meeting.

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

**YOUR VOTE IS IMPORTANT.**

BY ORDER OF THE BOARD OF DIRECTORS,

Seth I. Truwit

Secretary

, 2005



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**QUESTIONS AND ANSWERS ABOUT THE MERGER**

*The following are some questions that you, as a stockholder of WellChoice, may have regarding the merger and the other matters being considered at the special meeting and brief answers to those questions. We urge you to read carefully the remainder of this proxy statement/prospectus, including the documents attached to this proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the special meeting. Additional important information is also contained in the annexes and the documents that are incorporated by reference in this proxy statement/prospectus.*

**Q: Why am I receiving this proxy statement/prospectus?**

**A:** WellChoice and WellPoint have agreed to the acquisition of WellChoice by WellPoint under the terms of a merger agreement that is described in this proxy statement/prospectus. A copy of the merger agreement is attached to this proxy statement/prospectus as Appendix A. In order to complete the merger, WellChoice stockholders must adopt the merger agreement and the transactions contemplated thereby. This proxy statement/prospectus contains important information about the merger, the merger agreement and the special meeting, which you should read carefully. The enclosed voting materials allow you to vote your shares without attending the special meeting. Your vote is important. You should be aware that The New York Public Asset Fund (which is referred to in this proxy statement/prospectus as the Fund), is the holder of approximately 62% of WellChoice's outstanding shares and has already agreed with WellPoint to vote or cause to be voted, subject to certain exceptions, all of the shares it owns in favor of the merger. The presence of the Fund at the meeting, in person, by proxy or otherwise will be sufficient for a quorum at the meeting, and the affirmative vote of the Fund will be sufficient to adopt the merger agreement. We encourage you to vote as soon as possible.

**Q: Why are WellPoint and WellChoice proposing the merger?**

**A:** WellPoint and WellChoice are proposing to merge because, among other things, both companies believe that (i) by combining, WellPoint and WellChoice can create a stronger company that can provide significant benefits to shareholders and customers alike; and (ii) both companies have a common strategic focus on delivering the highest value to customers and, working together, WellPoint and WellChoice expect to expand future opportunities and capture new efficiencies.

**Q: What will happen in the merger?**

**A:** In the merger, WellChoice will merge with and into WellPoint Holding Corp., a wholly owned subsidiary of WellPoint, with WellPoint Holding Corp. continuing after the merger as the surviving entity and as a wholly owned subsidiary of WellPoint. In the alternative, the merger agreement grants WellPoint the right, under certain circumstances, to request that the merger be effected by merging WellPoint Holding Corp. with and into WellChoice (which is referred to in this proxy statement/prospectus as the reverse merger election), with WellChoice continuing after the merger as the surviving entity.

**Q: As a WellChoice stockholder, what will I receive in the merger?**

**A:** If the merger is completed, for each share of WellChoice common stock you own, you will receive 0.5191 shares of WellPoint common stock and \$38.25 in cash, without interest (which is referred to in this proxy statement/prospectus, collectively, as the merger consideration). WellPoint will not issue fractional shares of common stock. Instead, in lieu of any fractional share of WellPoint common stock that you would otherwise receive, you will receive cash, without interest, based on the closing market price of WellPoint common stock as of the effective date of the merger or, if such date is not a trading day, the last trading day prior to the effective date of the merger. As of the close of business on September 26, 2005, the trading day immediately preceding the public announcement date of the proposed transaction, the implied value of one share of WellChoice common stock was \$77.23. Immediately following the merger, WellChoice

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stockholders are expected to own in the aggregate approximately 6.8% of the outstanding shares of WellPoint common stock.

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**Q: What are the principal risks relating to the merger?**

A: The anticipated benefits of combining WellPoint and WellChoice may not be realized. WellPoint may have difficulty integrating WellChoice and may incur substantial costs in connection with the integration. WellPoint and WellChoice must obtain several governmental consents to complete the merger, which, if delayed, not granted or granted with conditions or restrictions, may jeopardize or postpone the merger, result in additional expense or reduce the anticipated benefits of the transaction. If all of the conditions to the merger are not met, the merger may not occur and WellPoint and WellChoice may lose some or all of the intended benefits of the merger. These and other risks are explained in the section entitled "Risk Factors - Risks Relating to the Merger" beginning on page 23 of this proxy statement/prospectus.

**Q: Can the value of the transaction change between now and the time the merger is completed?**

A: Yes. The value of the portion of the merger consideration comprised of WellPoint common stock can change. The 0.5191 exchange ratio is a fixed exchange ratio, meaning that you will receive 0.5191 shares of WellPoint common stock for each share of WellChoice common stock you own plus \$38.25 in cash per share, without interest, regardless of the trading price of WellPoint common stock on the effective date of the merger. The market value of the WellPoint common stock you will receive in the merger will increase or decrease as the trading price of WellPoint's common stock increases or decreases and, therefore, may be different at the time the merger is completed than it was at the time the merger agreement was signed and at the time of the special meeting. There can be no assurance as to the market price of WellPoint common stock at any time prior to the completion of the merger or at any time thereafter.

**Q: As a holder of options issued by WellChoice to purchase WellChoice common stock, or WellChoice restricted stock, what will I receive in the merger?**

A: Each option to purchase WellChoice common stock (whether or not then vested) which remains outstanding immediately prior to consummation of the merger will become fully vested and exercisable upon consummation of the merger, and will be converted automatically into options to purchase shares of WellPoint common stock pursuant to a formula more fully described in the merger agreement that is intended to result in consideration that is substantially equivalent to the per share merger consideration described above. The terms of WellChoice options will, subject to the accelerated vesting and exercisability described above, remain unchanged after the conversion, subject to certain exceptions. Any restrictions on any awards of WellChoice common stock under WellChoice compensation plans (excluding stock options and awards under the WellChoice Employee Stock Purchase Plan) that remain outstanding immediately prior to consummation of the merger will lapse upon consummation of the merger and such awards will be converted into a right or award with respect to shares of WellPoint common stock pursuant to a formula more fully described in the merger agreement that is intended to result in consideration that is substantially equivalent to the per share merger consideration described above. The terms of the WellChoice stock awards, subject to the accelerated lapse of restrictions described above, will remain unchanged after the conversion. For further information concerning the treatment of stock options and other equity-based awards in the merger, please see the section entitled "The Merger - WellChoice's Directors and Officers Have Financial Interests in the Merger" beginning on page 71 of this proxy statement/prospectus.

**Q: When and where will the special meeting take place?**

A: The WellChoice special meeting will take place on \_\_\_\_\_, 2005. The location of the meeting is specified on the cover page to this proxy statement/prospectus.

**Q: Who is entitled to vote at the special meeting?**

A: Holders of record of WellChoice common stock as of the close of business on \_\_\_\_\_, 2005 (which is referred to in this proxy statement/prospectus as the record date), are entitled to vote at the special meeting. Each stockholder has one vote for each share of WellChoice common stock that the stockholder owns on the record date.



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**Q: What vote is required to adopt the merger agreement?**

A: The affirmative vote of holders of a majority of the shares of WellChoice common stock outstanding as of the record date is the only vote required to adopt the merger and the merger agreement. As of the record date, there were \_\_\_\_\_ shares of WellChoice common stock outstanding, of which approximately 62% were held by the Fund. The Fund has already agreed with WellPoint to vote, or cause to be voted, all of the shares of WellChoice common stock it owns in favor of the merger. See **THE VOTING AGREEMENT** beginning on page 91 of this proxy statement/prospectus. The Fund's affirmative vote will be sufficient to adopt the merger agreement.

**Q: How does the WellChoice board of directors recommend that WellChoice stockholders vote?**

A: WellChoice's board of directors unanimously recommends that WellChoice stockholders vote **FOR** the adoption of the merger agreement.

**Q: What do I need to do now?**

A: After you have carefully read this entire document, the documents incorporated by reference herein, and such other information you deem appropriate, please vote your shares of WellChoice common stock. You may do this by completing, signing, dating and mailing the enclosed proxy card. This will enable your shares to be represented and voted at the WellChoice special meeting.

**Q: What if I do not vote, do not fully complete my proxy card or fail to instruct my broker?**

A: If you do not submit a proxy or instruct your broker how to vote your shares if your shares are held in street name, and you do not vote in person at the special meeting, the effect will be the same as if you voted **AGAINST** the adoption of the merger agreement. If you submit a signed proxy without specifying the manner in which you would like your shares to be voted, your shares will be voted **FOR** the adoption of the merger agreement.

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

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

**Q: What if I fail to instruct my broker?**

A: If you fail to instruct your broker to vote your shares and the broker submits an unvoted proxy, the resulting broker non-vote will be counted toward a quorum at the respective special meeting, but the effect will be the same as if you voted **AGAINST** the adoption of the merger.

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

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



**Q: Can I change my vote?**

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

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

Second, you may complete and submit a new proxy card. The latest proxy actually received from a WellChoice stockholder before the meeting will be counted, and any earlier proxy will automatically be revoked.

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

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

**Q: When do you expect to complete the merger?**

A: We expect to complete the merger in the first quarter of 2006. However, we cannot assure you when or if the merger will occur. We must first obtain the approval of WellChoice stockholders at the special meeting and the necessary regulatory approvals, as well as satisfy other closing conditions contained in the merger agreement.

**Q: Will I have appraisal rights as a result of the merger?**

A: Yes. In order to exercise your appraisal rights, you must follow the requirements of Delaware law. A copy of the applicable Delaware statutory provision is included as Annex E to this proxy statement/prospectus and a summary of this provision can be found in the section entitled "THE MERGER - Dissenters' Rights of Appraisal" beginning on page 67 of this proxy statement/prospectus.

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

A: The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the "Code"), so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any cash received as part of the merger consideration. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes. If this condition is not satisfied, WellPoint has the right to complete the merger in a manner that is fully taxable to you.

For a more complete discussion of the United States federal income tax consequences of the merger, see "MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER" on page 94.

**Tax matters are very complicated and the consequences of the merger to any particular WellChoice stockholder will depend on that stockholder's particular facts and circumstances. You are urged to consult your own tax advisor to determine your own tax consequences from the merger.**

**Q: Should I send in my stock certificates now?**

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

**Q: How will WellChoice stockholders receive the merger consideration?**

A: Following the merger, you will receive a letter of transmittal and instructions on how to obtain the merger consideration in exchange for your WellChoice common stock. You must return the completed letter of transmittal and your WellChoice stock certificates as described in the instructions, and you will receive the merger consideration as soon as practicable after EquiServe Trust Company, N.A., the exchange agent, receives your completed letter of transmittal and WellChoice stock certificates. If you hold shares through a brokerage account, your broker will handle the surrender of stock certificates to EquiServe Trust Company, N.A.

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that may be important to you. You should read carefully the entire document and the other documents to which this proxy statement/prospectus refers you in order to fully understand the merger and the related transactions. See WHERE YOU CAN FIND MORE INFORMATION on page 115. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

**Parties to the Merger (page 43)**

***WellPoint***

120 Monument Circle

Indianapolis, Indiana 46204

(317) 488-6000

WellPoint, Inc. ( WellPoint ) is the largest publicly traded commercial health benefits company in terms of membership in the United States, serving approximately 29 million medical members as of September 30, 2005. WellPoint is an independent licensee of the Blue Cross Blue Shield Association, or BCBSA, an association of independent health benefit plans, and serves its members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield, or BCBS, licensee for twelve other states: 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. WellPoint also serves customers throughout various parts of the United States as HealthLink and UniCare. WellPoint is licensed to conduct insurance operations in all 50 states and Puerto Rico through its subsidiaries.

***WellChoice***

11 West 42nd Street

New York, New York 10036

(212) 476-7800

WellChoice, Inc. ( WellChoice ) is the largest health insurance company in the State of New York based on preferred provider organization, or PPO, and health maintenance organization, or HMO, membership. As of September 30, 2005, WellChoice served approximately 5 million members through its service areas. WellChoice's service areas include 10 downstate New York counties, which are referred to as the New York City metropolitan area, and where WellChoice holds a leading market position covering over 22% of the population, 18 counties in upstate New York and 16 New Jersey counties. WellChoice has the exclusive right to use the Blue Cross and Blue Shield names and marks for all of its health benefits products in ten counties in the New York City metropolitan area and in six counties in upstate New York and the non-exclusive

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right to use these names and marks in one upstate New York county. In addition, WellChoice has an exclusive right to use only the Blue Cross names and marks in seven counties in its upstate New York service area and the non-exclusive right to use only the Blue Cross names and marks in an additional four upstate New York counties.

### ***WellPoint Holding Corp.***

WellPoint Holding Corp. is a Delaware corporation and a direct wholly owned subsidiary of WellPoint. WellPoint Holding Corp. was formed exclusively for the purpose of completing the merger. At the effective time of the merger, WellChoice will merge with and into WellPoint Holding Corp. and WellPoint Holding Corp. will be the surviving entity. If the reverse merger election is made (as described under The Merger on page 45), WellPoint Holding Corp. will merge with and into WellChoice and WellChoice will be the surviving entity.

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### **Reasons for the Merger (page 51 and page 54)**

WellPoint and WellChoice are proposing to merge because, among other things, both companies believe that:

by combining, WellPoint and WellChoice can create a stronger company that can provide significant benefits to shareholders and customers alike; and

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

### **Recommendations to Stockholders (page 54)**

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

### **The Merger (page 45)**

WellChoice will merge with and into WellPoint Holding Corp., a wholly owned subsidiary of WellPoint, under the terms of the merger agreement that are described in this proxy statement/prospectus. Pursuant to the merger agreement, WellPoint Holding Corp. will be the surviving entity and will continue as a wholly owned subsidiary of WellPoint, and will succeed to and assume all the rights and obligations of WellChoice. The merger agreement grants WellPoint the right, under certain circumstances, to request that the merger be effected by merging WellPoint Holding Corp. with and into WellChoice.

### **Merger Consideration (page 76)**

As a result of the merger, each share of WellChoice common stock issued and outstanding immediately prior to the effective time of the merger will be converted at the effective time into the right to receive (a) \$38.25 in cash, without interest, and (b) WellPoint common stock at a fixed exchange ratio of 0.5191 shares of WellPoint stock. Upon the completion of the merger, WellChoice stockholders will own approximately 6.8% of WellPoint. WellPoint will not issue any fractional shares. In lieu of fractional shares, WellChoice stockholders will receive an amount in cash, without interest, equal to the value of any fractional shares that would have been issued, which value will be based on the closing price of WellPoint common stock on the trading day on which the merger is completed.

### **Share Information and Comparative Market Prices (page 20 and page 21)**

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WellPoint common stock is listed on the New York Stock Exchange under the symbol WLP. WellChoice common stock is listed on the New York Stock Exchange under the symbol WC. The following table sets forth the closing sale prices of WellPoint common stock and WellChoice common stock as reported on the New York Stock Exchange on September 26, 2005, the last trading day before the public announcement of the merger, and on , 2005, the last practicable trading day before the distribution of this proxy statement/prospectus. This table also shows the implied value of one share of WellChoice common stock, which was calculated by multiplying WellPoint's closing sale price per share by 0.5191, and adding the \$38.25 per share cash component of the merger consideration.

	<b>WellPoint Common Stock</b>	<b>WellChoice Common Stock</b>	<b>Implied Value of One Share of WellChoice Common Stock</b>
	<u>          </u>	<u>          </u>	<u>          </u>
September 26, 2005	\$ 75.09	\$ 70.60	\$ 77.23
, 2005	\$	\$	\$

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

### **Material United States Federal Income Tax Consequences of the Merger to WellChoice Stockholders (page 94)**

The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any cash received as part of the merger consideration. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes. If this condition is not satisfied, WellPoint has the right to complete the merger in a manner that is fully taxable to you.

For a more complete discussion of the United States federal income tax consequences of the merger, see MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER on page 94.

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

### **Opinion of the WellChoice Financial Advisor (page 57)**

In connection with the merger, the WellChoice board of directors received a written opinion from Lazard Frères & Co. LLC (which is referred to in this proxy statement/prospectus as Lazard Frères) as to the fairness, from a financial point of view, of the merger consideration to be received by the holders of WellChoice common stock (other than the holders of (i) shares held in treasury by WellChoice, (ii) shares owned by WellPoint or WellPoint Holding Corp., (iii) Dissenting Shares (as defined in the merger agreement) and (iv) shares held by any subsidiary of WellPoint ((i), (ii), (iii) and (iv), collectively, the Excluded Shares) and other than the holder of the Class B common stock of WellChoice). The full text of Lazard Frères' written opinion dated September 27, 2005 is attached to this proxy statement/prospectus as Appendix C. You are encouraged to read this opinion carefully in its entirety for a description of the assumptions made, procedures followed, matters considered and limitations on the review undertaken. Lazard Frères' opinion was provided to the WellChoice board in its evaluation of the merger consideration. Lazard Frères' opinion does not address any other aspect of the merger or any related transaction and does not constitute a recommendation to any WellChoice stockholder with respect to any matters relating to the proposed merger.

### **WellChoice Stockholders Have Dissenters' Rights of Appraisal (page 67)**

WellChoice is incorporated in Delaware. Under Delaware law, WellChoice stockholders have the right to a court determination of the fair value of their shares of common stock in connection with the merger.

### **The Merger Agreement (page 76)**



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

**The Voting Agreement (page 91)**

The voting agreement is attached as Appendix B to this proxy statement/prospectus. We urge you to read this agreement as it governs how the WellChoice shares held by the Fund are to be voted.

**Conditions that Must Be Satisfied or Waived for the Merger to Occur (page 81)**

As more fully described in this proxy statement/prospectus and the merger agreement, the completion of the merger depends on a number of conditions being satisfied or waived, including receipt of WellChoice stockholder approval, listing of the shares of WellPoint stock to be issued in the merger on the New York Stock Exchange, and effectiveness of this registration statement.

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Although we expect to complete the merger in the first quarter of 2006, we cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

### **Termination of the Merger Agreement (page 88)**

Even if WellChoice stockholders adopt the merger agreement, the merger agreement may be terminated by mutual consent, or at any time before the completion of the merger under specified circumstances, including:

by either WellPoint or WellChoice if the merger is not completed, through no fault of the terminating party, by February 14, 2006;

by either WellPoint or WellChoice if any legal restraint having the effect of permanently restraining, enjoining or otherwise prohibiting the merger, shall be in effect and shall have become final and nonappealable; or

by either WellPoint or WellChoice if the other party has breached any of its representations and warranties or failed to perform any of its covenants and the breach or failure to perform would give rise to the failure of specified closing conditions relating to the accuracy of such party's representations or compliance by such party with its covenants and such failure or breach is not cured or curable within 30 days following receipt of written notice of such breach or failure.

In addition, the merger agreement may be terminated by WellPoint if the WellChoice board of directors withdraws (or modifies in a manner adverse to WellPoint) its recommendation of the merger or the merger agreement, or approves or recommends an Alternative Transaction (as defined in the section entitled "THE MERGER AGREEMENT - No Solicitation of Alternative Transactions" starting on page 79 of this proxy statement/prospectus).

### **Termination Fees (page 89)**

WellChoice has agreed to pay WellPoint a termination fee in the amount of \$230,000,000, if the merger agreement is terminated by WellPoint because (i) the WellChoice board of directors fails to make its recommendation in favor of the merger or fails to include its recommendation in this proxy statement, or effects a change in its recommendation in a manner adverse to WellPoint, or (ii) the WellChoice board of directors authorizes, endorses, approves or recommends to WellChoice's stockholders, or otherwise authorizes, endorses, approves or publicly recommends, an Alternative Transaction as defined in the merger agreement.

WellChoice has further agreed to pay WellPoint a termination fee in the amount of \$230,000,000 if, in each case, WellChoice, within twelve months after such termination, either consummates an Alternative Transaction or enters into a definitive agreement with respect to an Alternative Transaction, if the merger agreement is terminated:

by WellPoint or WellChoice, if the merger has not been consummated on or before February 14, 2006; provided, however, that this right to terminate the merger agreement will not be available to any party if such party's action or failure to act has been the principal cause of or result in the failure of the merger to be consummated on or before such date; and:

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a vote of WellChoice's stockholders contemplated by the merger agreement at the WellChoice stockholders meeting to adopt the merger agreement has not occurred, and

a proposal with respect to an Alternative Transaction has been publicly announced or otherwise communicated or made known to the senior management or board of directors of WellChoice at any time after the date of the merger agreement and prior to the date of the termination of the merger agreement;

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by either WellPoint or WellChoice, if the stockholders of WellChoice fail to adopt the merger agreement and a proposal with respect to an Alternative Transaction has been publicly announced or otherwise communicated or made known to the senior management or the board of directors of WellChoice at any time after the date of the merger agreement and prior to the date of the WellChoice stockholders meeting; or

by WellPoint, if WellChoice materially breaches its agreement to, among other things, duly call, give notice of, convene and hold a meeting of its stockholders for the purpose of voting to adopt the merger agreement, use its commercially reasonable efforts to obtain such adoption, not exempt third parties from the threshold restrictions on WellChoice stock ownership and not solicit a business combination transaction with a third party.

See THE MERGER AGREEMENT Termination Fees beginning on page 89 of this proxy statement/prospectus.

**Treatment of WellChoice Stock Options and Stock Awards (page 77)**

At the completion of the merger, each WellChoice employee or director stock option will become fully vested and exercisable and all restrictions will lapse with respect to each other WellChoice stock award (including shares of restricted stock and restricted stock units). Notwithstanding the foregoing, options held by WellChoice's President and Chief Executive Officer and its named executive officers will become fully vested at the completion of the merger but will remain exercisable in accordance with the original terms of such options as set forth in the applicable option agreements (but, with regard to WellChoice's President and Chief Executive Officer, without taking into account any change in control provisions contained therein). However, if any such named executive officer (not including WellChoice's President and Chief Executive Officer) is involuntarily terminated (other than for cause) or such executive officer voluntarily terminates his or her employment for good reason (as such terms are defined in such executive officer's change in control retention agreements) within 24 months following consummation of the merger, such options will be immediately exercisable.

Each outstanding WellChoice employee and director stock option will be automatically converted, upon completion of the merger, into an option to purchase WellPoint common stock. The number of shares of WellPoint common stock underlying the new WellPoint option will equal the number of shares of WellChoice common stock for which the corresponding WellChoice option was exercisable, multiplied by the option exchange ratio, with any fractional share that results being rounded down to the nearest whole share. The per share exercise price of each new WellPoint option will equal the exercise price of the corresponding WellChoice option divided by the option exchange ratio rounded up to the nearest whole cent. The option exchange ratio is equal to the sum of 0.5191 plus a fraction, the numerator of which is \$38.25 and the denominator of which is the closing trading price of WellPoint common stock on the business day prior to the completion of the merger. All other terms of WellChoice options will, subject to the accelerated vesting and exercisability described above, remain unchanged after the conversion.

At the completion of the merger, all other outstanding WellChoice stock awards held by employees and directors (excluding stock options and awards under the WellChoice Employee Stock Purchase Plan) will be automatically converted into a right or award with respect to a number of shares of WellPoint common stock equal to the product of the number of shares of WellChoice common stock subject to such other WellChoice stock award multiplied by the option exchange ratio, with any fractional shares rounded down to the nearest whole share. All other terms of the other WellChoice stock awards, subject to the accelerated lapse of restrictions described above, will remain unchanged after the conversion.

**WellChoice's Directors and Officers Have Financial Interests in the Merger (page 71)**

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

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These interests include:

a Memorandum of Understanding between Dr. Michael A. Stocker, WellChoice's Chief Executive Officer, pursuant to which WellPoint and Dr. Stocker have agreed to enter into an employment agreement prior to the completion of the merger, which will incorporate the terms of the Memorandum of Understanding. Pursuant to the terms of the Memorandum of Understanding and discussions since the merger was publicly announced, Dr. Stocker will be appointed Executive Vice President of WellPoint and President and Chief Executive Officer of WellPoint's newly formed East business region upon completion of the merger;

change in control retention agreements for certain of WellChoice's officers;

accelerated vesting and exercisability of options and lapsing of restrictions on restricted stock awards for directors and officers of WellChoice upon completion of the merger; provided, however, that options held by WellChoice's President and Chief Executive Officer and its named executive officers will remain exercisable in accordance with their original terms (but, with regard to WellChoice's President and Chief Executive Officer, without taking into account any change in control provisions). However, if any such named executive officer (not including WellChoice's President and Chief Executive Officer) is involuntarily terminated (other than for cause) or such executive officer voluntarily terminates his or her employment for good reason (as such terms are defined in such executive officer's change in control retention agreements) within 24 months following consummation of the merger, such options will be immediately exercisable;

the right to continued indemnification and insurance coverage by WellPoint Holding Corp. for events occurring prior to or at the time of the merger; and

the appointment of one of WellChoice's current directors (who must be independent under the rules of the New York Stock Exchange and the Securities and Exchange Commission (which is referred to in this proxy statement/prospectus as the SEC) with respect to WellChoice and WellPoint) to the WellPoint board of directors.

### **WellPoint Board of Directors After the Merger (page 65)**

After the merger, the WellPoint board of directors will appoint one of WellChoice's directors (who must be independent under the rules of the New York Stock Exchange and the SEC with respect to WellChoice and WellPoint) to the WellPoint board of directors.

### **Executive Officers (page 65)**

After the merger, Dr. Michael Stocker, President and Chief Executive Officer of WellChoice will be appointed Executive Vice President of WellPoint and President and Chief Executive Officer of WellPoint's newly formed East business region.

### **Regulatory and Other Approvals We Must Obtain for the Merger (page 68)**

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WellChoice has an insurance company and an HMO subsidiary, each organized under the laws of New York, and has an insurance company subsidiary organized under the laws of New Jersey. Pursuant to applicable insurance and HMO laws and regulations, and before the merger may be consummated, the New York and New Jersey insurance regulators and New York HMO regulator must review and approve the acquisition of control of the insurance company or HMO subsidiary domiciled in its respective jurisdiction. On October 18, 2005, WellPoint made appropriate filings and applications with these insurance and HMO regulators.

Additionally, the Blue Cross Blue Shield Association must approve the transfer to WellPoint of WellChoice's licenses to use the Blue Cross and Blue Shield names and marks in WellChoice's geographical territories. On October 4, 2005, WellPoint and WellChoice submitted a joint application requesting that, in connection with the completion of the merger, the Blue Cross Blue Shield Association grant to WellPoint the licenses for the WellChoice territory. On October 20, 2005, WellPoint was informed that the Plan Performance and Financial Standards Committee of the Blue Cross Blue Shield Association had approved that application and recommended that the full board of directors of the Blue Cross Blue Shield Association approve such application at its regularly scheduled meeting in November.

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Furthermore, the HSR Act and the rules and regulations thereunder provide that the merger may not be completed until premerger notification filings have been made with the Federal Trade Commission and the Antitrust Division of the U.S. Department of Justice, and the specified waiting period thereunder has expired or is terminated. Even after the waiting period expires or is terminated, the Department of Justice and the Federal Trade Commission will have the authority to challenge the merger on antitrust grounds before or after the merger is completed. Each of WellPoint and WellChoice filed a Notification and Report Form for the merger with the Federal Trade Commission and the Department of Justice on October 12, 2005.

While WellPoint and WellChoice expect to obtain all required regulatory and other approvals, neither company can assure you that these regulatory approvals will be obtained. Furthermore, if certain conditions are imposed on these regulatory or other approvals, it could result in WellPoint's conditions to closing the merger not being satisfied.

## **The Rights of WellChoice Stockholders Will Be Governed by Different Laws and New Governing Documents After the Merger (page 98)**

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

## **Headquarters and Listing of Common Stock of WellPoint (page 21)**

WellPoint's corporate headquarters and principal executive offices are located in Indianapolis, Indiana. The common stock of WellPoint is listed on the New York Stock Exchange under the ticker symbol WLP. WellPoint has agreed to file an application with the New York Stock Exchange to have the shares of WellPoint stock issuable pursuant to the merger listed on the New York Stock Exchange under this symbol.

## **Accounting Treatment of the Merger by WellPoint (page 93)**

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

## **WellPoint Shareholder Approval**

WellPoint shareholders are not required to approve the issuance of the shares of WellPoint common stock as part of the merger consideration.

## **Risk Factors (page 23)**



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In evaluating the merger and the merger agreement and before deciding how to vote your shares of WellChoice common stock at the special meeting, you should read this proxy statement/prospectus carefully and especially consider certain factors, risks and uncertainties discussed in the section entitled **RISK FACTORS** beginning on page 23 of this proxy statement/prospectus.

### **Restrictions on the Ability to Sell WellPoint Common Stock (page 68)**

All shares of WellPoint common stock you receive in connection with the merger will be freely transferable unless you are considered an affiliate of either WellChoice or WellPoint for the purposes of the Securities Act of 1933, as amended (the Securities Act) at the time the merger agreement is submitted to WellChoice stockholders for adoption, in which case you will be permitted to sell the shares of WellPoint common stock you receive in the merger only pursuant to an effective registration statement or an exemption from the registration requirements of the Securities Act. This proxy statement/prospectus does not register the resale of stock held by affiliates.

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**Surrender of Stock Certificates (page 76)**

Following the effective time of the merger, WellPoint will cause a letter of transmittal to be mailed to all holders of WellChoice common stock containing instructions for surrendering their certificates. Certificates should not be surrendered until the letter of transmittal is received, fully completed and returned as instructed in the letter of transmittal.

**The Special Meeting of WellChoice Stockholders (page 39)**

The special meeting will be held on , 2005, at , at .

The purpose of the special meeting is to consider and vote upon (1) a proposal to adopt the merger agreement and (2) such other business as may properly come before the special meeting or any adjournment or postponement of the special meeting. Adoption of the merger agreement will also constitute approval of the merger and the other transactions contemplated by the merger agreement.

WellChoice's board of directors has fixed the close of business on , 2005 as the record date for determination of WellChoice stockholders entitled to notice of and to vote at the special meeting. As of the close of business on , 2005, there were shares of WellChoice common stock outstanding, which were held of record by approximately stockholders. A majority of these shares, present in person or represented by proxy, will constitute a quorum for the transaction of business at the meeting. Because the Fund holds approximately 62% of WellChoice's outstanding common stock, its presence at the meeting, whether in person, by proxy or otherwise, will determine the presence of a quorum for the special meeting. Each WellChoice stockholder is entitled to one vote for each share of WellChoice common stock held as of the record date.

*Required vote.* Adoption of the merger agreement by WellChoice's stockholders is required by Delaware law. Such adoption requires the affirmative vote of the holders of a majority of the shares of WellChoice common stock, including the one outstanding share of WellChoice Class B common stock (which has no special or super vote with respect to the merger), entitled to vote thereon, voting together as a single class, outstanding on the record date. As of the record date, WellChoice's directors, executive officers and their affiliates held approximately % of the WellChoice shares entitled to vote at the special meeting.

As of the record date, approximately 62% of the shares of common stock of WellChoice were held by the Fund. The Fund has agreed with WellPoint to vote, or cause to be voted, all of the shares of WellChoice common stock it owns in favor of the merger. See THE VOTING AGREEMENT beginning on page 91 of this proxy statement/prospectus.

**THE FUND'S AFFIRMATIVE VOTE WILL BE SUFFICIENT TO ADOPT THE MERGER AGREEMENT.**

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

The following table summarizes financial information for WellPoint. WellPoint prepared this information using its unaudited consolidated financial statements for the nine-month periods ended September 30, 2005 and 2004, and its consolidated financial statements for each of the years in the five-year period ended December 31, 2004, which have been audited by Ernst & Young LLP. You should read this information in conjunction with WellPoint's unaudited and audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in WellPoint's quarterly report on Form 10-Q for the quarter ended September 30, 2005, and annual report on Form 10-K for the year ended December 31, 2004, each of which is incorporated herein by reference. See "WHERE YOU CAN FIND MORE INFORMATION" on page 115. In WellPoint's opinion, the selected financial data for the nine-month periods ended September 30, 2005 and 2004 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of that data. The selected consolidated financial data do not necessarily indicate the results to be expected in the future.

	As of and for the Nine Months Ended September 30		As of and for the Year Ended December 31				
	2005 <sup>1</sup>	2004 <sup>1</sup>	2004 <sup>1</sup>	2003	2002 <sup>1</sup>	2001	2000 <sup>1</sup>
<i>(In millions, except where indicated and except per share data)</i>							
(Unaudited)							
<b>Income Statement Data</b>							
Total operating revenue <sup>2,3</sup>	\$ 33,249.1	\$ 13,736.4	\$ 20,460.9	\$ 16,487.1	\$ 13,000.4	\$ 10,131.3	\$ 8,546.4
Total revenue <sup>3</sup>	33,703.7	13,988.9	20,815.1	16,781.4	13,292.2	10,455.7	8,773.9
Net income <sup>4</sup>	1,811.8	775.6	960.1	774.3	549.1	342.2	226.0
<b>Per Share Data<sup>4,5</sup></b>							
Basic income from continuing operations	\$ 2.97	\$ 2.80	\$ 3.15	\$ 2.80	\$ 2.31	\$ 1.66	\$ 1.10
Diluted income from continuing operations	2.90	2.72	3.05	2.73	2.26	1.65	1.09
<b>Other Data (unaudited)</b>							
Benefit expense ratio <sup>6</sup>	80.8%	82.2%	82.0%	80.8%	82.3%	84.4%	84.5%
Selling, general and administrative expense ratio <sup>6</sup>	16.3%	17.0%	17.0%	18.8%	19.3%	19.6%	21.3%
Income before income taxes as a percentage of total revenue	8.5%	8.0%	6.9%	7.2%	6.0%	5.0%	3.7%
Net income as a percentage of total revenue	5.4%	5.5%	4.6%	4.6%	4.1%	3.3%	2.6%
Medical membership <i>(In thousands)</i>	28,988	12,737	27,728	11,927	11,053	7,883	7,142
<b>Balance Sheet Data</b>							
Cash and investments <sup>3</sup>	\$ 17,436.1	\$ 8,006.9	\$ 15,792.2	\$ 7,478.2	\$ 6,726.4	\$ 4,559.8	\$ 3,845.2
Total assets <sup>3</sup>	41,855.6	14,136.5	39,738.4	13,414.6	12,416.3	6,325.0	5,688.9
Long-term debt	3,918.1	1,520.4	4,276.7	1,662.8	1,659.4	818.0	597.5
Total liabilities <sup>3</sup>	20,620.9	7,335.8	20,279.4	7,414.7	7,054.0	4,265.0	3,769.1
Total shareholders' equity	21,234.7	6,800.7	19,459.0	5,999.9	5,362.3	2,060.0	1,919.8

(1) The net assets and results of operations for Lumenos, Inc., WellPoint Health Networks Inc., Trigon Healthcare, Inc., and Blue Cross and Blue Shield of Maine are included from their respective acquisition dates of June 9, 2005, November 30, 2004, July 31, 2002, and June 5, 2000.

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- (2) Operating revenue is obtained by adding premiums, administrative fees and other revenue.
- (3) Certain prior year amounts have been reclassified to conform to current year presentation.
- (4) We adopted FAS 142, *Goodwill and Other Intangible Assets*, on January 1, 2002. With the adoption of FAS 142, we ceased amortization of goodwill. The intangible assets established for Blue Cross and Blue Shield trademarks are deemed to have indefinite lives, and beginning January 1, 2002, are no longer amortized.

Net income and earnings per share on a comparable basis as if FAS 142 had been adopted January 1, 2000, are as follows:

	<u>2001</u>	<u>2000</u>
<i>(In millions, except per share data)</i>		
Net income adjusted for FAS 142	\$ 357.3	\$ 238.5
Basic earnings per share adjusted for FAS 142	1.73	1.16
Diluted earnings per share adjusted for FAS 142	1.72	1.16

- (5) There were no shares or dilutive securities outstanding prior to November 2, 2001 (date of Anthem Insurance Companies, Inc. s demutualization and initial public offering). Accordingly, amounts prior to 2002 represent pro forma earnings per share. For comparative pro forma earnings per share presentation, the weighted average shares outstanding and the effect of dilutive securities for the period from November 2, 2001 to December 31, 2001, was used to calculate pro forma earnings per share for all periods prior to 2002.
- (6) The benefit expense ratio represents benefit expenses as a percentage of premium revenue. The selling, general and administrative expense ratio represents selling, general and administrative expenses as a percentage of total operating revenue.
- (7) Represents policyholders surplus prior to Anthem Insurance Companies, Inc. s demutualization on November 2, 2001.

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

The following table summarizes financial information for WellChoice. WellChoice prepared this information using its unaudited consolidated financial statements for the nine-month periods ended September 30, 2005 and 2004 and its consolidated financial statements for each of the years in the five-year period ended December 31, 2004, which have been audited by Ernst & Young LLP. You should read this information in conjunction with WellChoice's unaudited and audited consolidated financial statements and notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in WellChoice's quarterly report on Form 10-Q for the quarter ended September 30, 2005 and annual report on Form 10-K for the year ended December 31, 2004, each of which is incorporated herein by reference. See WHERE YOU CAN FIND MORE INFORMATION on page 115. In WellChoice's opinion, the selected financial data for the nine-month periods ended September 30, 2005 and 2004 include all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of that data. The selected consolidated financial data do not necessarily indicate the results to be expected in the future.

	As of and for the Nine Months Ended September 30		As of and for the Year Ended December 31				
	2005	2004	2004	2003	2002	2001	2000
<i>(In millions, except where indicated)</i>							
<i>and except per share data)</i>							
	(Unaudited)						
<b>Revenue:</b>							
Premiums earned	\$ 4,381.8	\$ 3,915.1	\$ 5,254.6	\$ 4,875.4	\$ 4,628.0	\$ 4,246.2	\$ 3,876.9
Administrative service fees	421.8	373.5	502.2	445.8	396.2	322.0	264.9
Investment income, net	60.5	43.3	57.8	51.2	64.8	69.3	65.5
Net realized investment gains (losses)	4.1	7.5	11.7	11.8	2.6	(12.4)	22.1
Other (expense) income, net	(0.1)	0.2	0.7	(1.7)	14.0	6.1	4.3
<b>Total revenue</b>	<b>4,868.1</b>	<b>4,339.6</b>	<b>5,827.0</b>	<b>5,382.5</b>	<b>5,105.6</b>	<b>4,631.2</b>	<b>4,233.7</b>
<b>Expenses:</b>							
Cost of benefit provided	3,794.9	3,371.7	4,536.5	4,162.2	3,947.4	3,738.8	3,426.4
Administrative expenses	719.2	676.7	903.1	876.7	833.1	742.8	686.2
Conversion and IPO expenses					15.4	2.0	0.6
<b>Total expenses</b>	<b>4,514.1</b>	<b>4,048.4</b>	<b>5,439.6</b>	<b>5,038.9</b>	<b>4,795.9</b>	<b>4,483.6</b>	<b>4,113.2</b>
Income from continuing operations before income taxes	354.0	291.2	387.4	343.6	309.7	147.6	120.5
Income tax expense (benefit) <sup>1,2,3</sup>	132.8	104.6	141.2	142.5	(67.9)	0.1	(74.5)
Income from continuing operations	221.2	186.6	246.2	201.1	377.6	147.5	195.0
Loss from discontinued operations, net of tax					(1.1)	(16.5)	(4.6)
<b>Net income</b>	<b>\$ 221.2</b>	<b>\$ 186.6</b>	<b>\$ 246.2</b>	<b>\$ 201.1</b>	<b>\$ 376.5</b>	<b>\$ 131.0</b>	<b>\$ 190.4</b>
<b>Per share data<sup>4</sup></b>							
Basic earnings per share	\$ 2.64	\$ 2.23	\$ 2.95	\$ 2.41	\$ 4.51	\$ 1.57	\$ 2.28
Diluted earnings per share	\$ 2.61	\$ 2.23	\$ 2.94	\$ 2.41	\$ 4.51	\$ 1.57	\$ 2.28
<b>Additional Data For the period ended:</b>							
Medical loss ratio <sup>5</sup>	86.6%	86.1%	86.3%	85.4%	85.3%	88.1%	88.4%
	83.4%	82.9%	83.3%	82.2%	81.8%	86.0%	85.9%

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Medical loss ratio, excluding  
New York City and New York  
State PPO<sup>6</sup>

Administrative expense ratio <sup>7,8</sup>	15.0%	15.8%	15.7%	16.5%	16.9%	16.3%	16.6%
Members ( <i>In thousands</i> ) <sup>9</sup>	5,024	4,931	4,955	4,754	4,608	4,383	4,135

**Balance sheet data:**

Cash and investments	\$ 2,821.6	\$ 2,243.5	\$ 2,363.0	\$ 2,059.3	\$ 1,783.0	\$ 1,604.3	\$ 1,400.6
Premium related receivables	441.4	422.0	448.4	378.2	358.8	403.5	447.5
Total assets	3,845.0	3,238.7	3,390.1	3,043.0	2,777.5	2,449.6	2,252.5
Unpaid claims and claims adjustment expense	789.2	681.6	678.8	609.5	559.9	634.1	672.4
Obligations under capital lease	40.2	45.1	44.0	48.3	47.7	50.1	52.0
Total liabilities	1,933.4	1,618.9	1,707.8	1,610.7	1,541.2	1,620.3	1,577.8
Stockholders' equity <sup>10</sup>	1,911.6	1,619.8	1,682.3	1,432.3	1,236.3	829.3	674.7

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- (1) As of December 31, 2000, WellChoice reduced its valuation allowance on its deferred tax assets by \$71.9 million based on continued, current and projected positive taxable income. At December 31, 2002, WellChoice eliminated the remaining valuation allowance on its deferred tax assets, based on approval of the conversion to a for-profit entity and continued, current and projected positive taxable income.
- (2) As a result of the conversion, WellChoice is a for-profit entity and was subject to state and local taxes as well as federal income taxes beginning the year ended December 31, 2002.
- (3) Income tax expense for the year ended December 31, 2004 includes a benefit of \$5.7 million resulting from a settlement of a prior year IRS audit issue relating to the tax basis used in determining the gain or loss on the sale of WellChoice's former corporate headquarters.
- (4) Shares outstanding of 83,735,354 and 83,514,673 and the effect of diluted securities for the nine months ended September 30, 2005 and 2004, respectively, was used to calculate the basic and diluted earnings per share amounts for the nine months ended September 30, 2005 and 2004. Shares outstanding of 83,539,772 and 83,490,478 and the effect of diluted securities for the year ended 2004 and 2003, respectively, was used to calculate 2004 and 2003 basic and diluted earnings per share amounts. There were no dilutive securities outstanding prior to November 7, 2002 (date of conversion and initial public offering). Accordingly, amounts prior to 2003 represent pro forma earnings per share. For comparative pro forma earnings per share presentation, shares outstanding at December 31, 2002 of 83,490,478 were used to calculate pro forma earnings per share for all periods prior to 2003. Net loss and basic and diluted net loss per common share based on the weighted average shares outstanding for the period from November 7, 2002 (date of initial public offering) to December 31, 2002 were \$38.5 million and \$0.46, respectively.
- (5) Medical loss ratio represents cost of benefits provided as a percentage of premium earned.
- (6) WellChoice presents commercial managed care medical loss ratio, excluding New York City and New York State PPO, because these accounts differ from its standard PPO product in that they are hospital-only accounts, which have lower premiums relative to claim expense than accounts with full medical and hospital coverage. The lower premiums and size of these accounts distort WellChoice's performance when the total medical loss ratio is presented.
- (7) Administrative expense ratio represents administrative and conversion IPO expenses as a percentage of premiums earned and administrative service fees.
- (8) As presented, WellChoice's administrative expense ratio does not take into account a significant portion of its activity generated by self-funded, or ASO, business, which represents approximately 39.6% of its total members. Therefore, in the following table, WellChoice provides the information needed to calculate premium equivalents and the administrative expense ratio on a premium equivalent basis because that ratio measures administrative expenses relative to the entire volume of insured and self-funded business serviced by WellChoice and is commonly used in the health insurance industry to compare operating efficiency among companies. Administrative expense ratio on a premium equivalent basis is calculated by dividing administrative and conversion and IPO expense by premium equivalents for the relevant periods. Premium equivalents is the sum of premium earned, administrative service fees and the amount of paid claims attributable to WellChoice's self-funded business pursuant to which it provides a range of customer services, including claims administration and billing and membership services. Claims paid for WellChoice's self-funded health business is not its revenue. The premium equivalents for the periods indicated were as follows:

	For the						
	Nine Months Ended September 30		For the Year Ended December 31				
	2005	2004	2004	2003	2002	2001	2000
<i>(In millions)</i>	<i>(Unaudited)</i>						
<b>Revenue:</b>							
Premiums earned	\$ 4,381.8	\$ 3,915.1	\$ 5,254.6	\$ 4,875.4	\$ 4,628.0	\$ 4,246.2	\$ 3,876.9
Administrative service fees	421.8	373.5	502.2	445.8	396.2	322.0	264.9
Claims paid for our self-funded health business	3,165.0	2,683.6	3,710.3	2,955.3	2,347.9	1,791.9	1,328.4
Premium equivalents	\$ 7,968.6	\$ 6,972.2	\$ 9,467.1	\$ 8,276.5	\$ 7,372.1	\$ 6,360.1	\$ 5,470.2
Administrative expense ratio, premium equivalent basis	9.0%	9.7%	9.5%	10.6%	11.5%	11.7%	12.6%

- (9) Starting in 2002, in accordance with a change to the contract with the New York State PPO account, WellChoice began including approximately 175,000 members who reside in service areas of other New York Blue Cross Blue Shield plans as WellChoice administrators

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the account statewide.

<sup>(10)</sup> Prior to WellChoice's conversion to a for-profit entity, this line item was captioned "Total reserves for policyholders' protection."



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**UNAUDITED PRO FORMA COMBINED STATEMENT OF INCOME  
FOR ANTHEM, INC. AND WELLPOINT HEALTH NETWORKS INC.**

The unaudited pro forma combined statement of income presented below gives effect to the November 30, 2004 merger of Anthem, Inc. (name changed to WellPoint, Inc. effective November 30, 2004) and WellPoint Health Networks Inc. (which is referred to in this proxy statement/prospectus as WHN) as if the merger had occurred on January 1, 2004. The unaudited pro forma combined statement of income includes the historical amounts of WellPoint and WHN adjusted to reclassify WHN's historical information to a presentation format consistent with WellPoint and to reflect the impact of Anthem, Inc.'s merger with WHN.

Under the terms of the merger agreement, WHN's stockholders received \$23.80 in cash, without interest, and one share of Anthem, Inc. common stock for each share of WHN common stock outstanding (other than shares owned by WHN subsidiaries or shares with respect to which the holders perfect appraisal rights). The purchase price was \$16,022.3 million and included cash of \$3,718.8 million and the issuance of approximately 310.6 million shares (adjusted for the May 31, 2005 stock split) of Anthem, Inc. common stock. The unaudited pro forma combined statement of income assumes that Anthem, Inc. issued 310.6 million shares in the merger with a fair value of \$11,293.8 million. Fair value was based on \$36.35 per share, which represents the average closing price of Anthem, Inc. common stock (adjusted for the May 31, 2005 stock split) for the five trading days ranging from two days before to two days after October 27, 2003, the date the merger was announced. The pro forma combined statement of income also assumes WellPoint financed \$4,018.8 million of consideration (including transactions costs), by incurring \$2,800.0 million of long-term debt and using \$1,218.8 million of cash on hand.

WellPoint accounted for this merger using the purchase method of accounting. As such, WellPoint recorded the assets (including identifiable intangible assets) and liabilities of WHN at their estimated fair value. The differences between the purchase price and the estimated fair value of WHN's net assets resulted in goodwill.

The pro forma combined statement of income, while helpful in illustrating the financial characteristics of the combined companies under one set of assumptions, should not be relied upon as being indicative of the results that would actually have been obtained if the merger had been in effect as of January 1, 2004.

The pro forma combined statement of income should be read in conjunction with the historical consolidated financial statements of WellPoint and WHN, which have been previously filed with the SEC, and such financial statements and other data, which are incorporated by reference herein. **The pro forma combined statement of income does not give effect to the merger with WellChoice.**

**Table of Contents****Unaudited Pro Forma Combined****Statement of Income****Year Ended December 31, 2004**

	<u>WellPoint, Inc.<sup>1</sup></u>	<u>WellPoint Health Networks Inc.<sup>2</sup></u>	<u>Reclassification Adjustments<sup>3</sup></u>	<u>Pro Forma Adjustments</u>	<u>Pro Forma</u>
<i>(In millions, except share and per share data)</i>					
<b>Revenues</b>					
Premiums	\$ 18,771.6	\$ 19,804.6	\$ (9.4)	\$	\$ 38,566.8
Administrative fees	1,436.9	1,109.1	(53.3)	(35.0) <sup>4</sup>	2,457.7
Other revenue	252.4	54.0	216.8		523.2
	<u>20,460.9</u>	<u>20,967.7</u>	<u>154.1</u>	<u>(35.0)</u>	<u>41,547.7</u>
Net investment income	311.7	276.2	(24.8)	(62.7) <sup>5</sup>	500.4
Net realized gains on investments	42.5	8.4	25.0		75.9
	<u>20,815.1</u>	<u>21,252.3</u>	<u>154.3</u>	<u>(97.7)</u>	<u>42,124.0</u>
<b>Expenses</b>					
Benefit expense	15,387.8	15,925.4	(32.0)		31,281.2
Selling, general and administrative expense:					
Selling expense	537.2	820.8			1,358.0
General and administrative expense	2,940.5	2,530.0	8.8	(25.8) <sup>4,6</sup>	5,453.5
	<u>3,477.7</u>	<u>3,350.8</u>	<u>8.8</u>	<u>(25.8)</u>	<u>6,811.5</u>
Total selling, general and administrative expense	3,477.7	3,350.8	8.8	(25.8)	6,811.5
Cost of drugs	95.0	32.6	142.2		269.8
Interest expense	142.3	48.1		91.2 <sup>7</sup>	281.6
Amortization of other intangible assets	61.4	7.8	35.3	138.2 <sup>8</sup>	242.7
Merger-related undertakings	61.5				61.5
Loss on repurchase of debt securities	146.1				146.1
	<u>19,371.8</u>	<u>19,364.7</u>	<u>154.3</u>	<u>203.6</u>	<u>39,094.4</u>
<b>Income before income taxes</b>	1,443.3	1,887.6		(301.3)	3,029.6 <sup>10</sup>
Income taxes	483.2	755.1		(119.0) <sup>9</sup>	1,119.3
	<u>\$ 960.1</u>	<u>\$ 1,132.5</u>	<u>\$</u>	<u>\$ (182.3)</u>	<u>\$ 1,910.3</u>
<b>Net income per share:</b>					
Basic	\$ 3.15				\$ 3.10 <sup>11</sup>
Diluted	\$ 3.05				\$ 3.00 <sup>11</sup>
<b>Weighted average number of shares outstanding:</b>					
Basic	305.2				615.9 <sup>11</sup>
Diluted	314.6				636.8 <sup>11</sup>

(1) Represents historical WellPoint consolidated statement of income for the year ended December 31, 2004 as filed with the SEC in WellPoint's Annual Report on Form 10-K. The operating results of WHN are included in WellPoint's historical consolidated statement of

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income for the period following the November 30, 2004 merger of Anthem, Inc. (name changed to WellPoint, Inc. effective November 30, 2004) and WHN.

- <sup>(2)</sup> Represents historical WHN consolidated statement of income for the eleven months ended November 30, 2004 (period prior to the merger).

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- (3) Reflects the reclassification of certain WHN historical amounts to conform to a consistent presentation format with WellPoint.
- (4) Represents the elimination of revenue and expense associated with administrative agreements between WellPoint and WHN in connection with a Blue Cross Blue Shield Association program. The amount was \$35.0 million for the eleven months ended November 30, 2004.
- (5) The \$1,648.6 million of cash required to effect the merger between WellPoint and WHN came from the sale of investment securities. The reduction to net investment income reflected in the pro forma combined statement of income resulted from the sale of \$1,648.6 million of long-term investment securities which had an average yield of 4.15%. The pro forma amount of reduced net investment income is \$62.7 million for the eleven months ended November 30, 2004.
- (6) The pro forma amortization of unvested stock options and restricted stock compensation of \$9.2 million reflects amortization of amounts recorded by WellPoint following the merger. Amounts are being amortized based on the remaining future vesting period of the awards.
- (7) The charge to interest expense in the pro forma combined statement of income reflects interest payments on \$2,370.2 million of new debt, which was necessary to effect the merger at a weighted average interest rate of 4.20%.
- (8) The preliminary purchase price allocation resulted in \$2,136.6 million of identifiable intangible assets with finite lives. Amortization of these intangible assets is recognized in the unaudited pro forma combined statement of income primarily using a declining balance method over a term of 20 years. The pro forma amortization expense resulting from the \$2,136.6 million of identifiable intangible assets with finite lives was \$181.3 million partially offset by the elimination of the amortization of WHN's historical intangible assets of \$43.1 million for the eleven months ended November 30, 2004.
- (9) The income tax benefit related to all pro forma adjustments is projected at an estimated rate of 39.5%. The income tax benefit is \$119.0 million for the eleven months ended November 30, 2004.
- (10) Following the merger of Anthem, Inc. and WHN, the combined entity expects cost savings that are not reflected in the unaudited pro forma combined statement of income.
- (11) The pro forma earnings per share reflect the weighted-average number of WellPoint shares that would have been outstanding had the merger occurred at the beginning of the year presented. WHN shares outstanding not owned by WHN subsidiaries were converted at a rate of one WellPoint share for each WHN share. WHN shares and WellPoint shares owned by WHN subsidiaries are eliminated in consolidation and do not impact the pro forma earnings per share. WHN options, which factor into the dilution calculation, were converted at an assumed 1.24 exchange ratio, as provided in the merger agreement.

**Table of Contents****COMPARATIVE PER SHARE DATA**

In the following table, WellPoint and WellChoice provide you with historical per share financial information. This data should be read along with the selected consolidated historical financial data and the historical financial statements of WellPoint and WellChoice and the notes thereto that are included elsewhere in this proxy statement/prospectus and incorporated herein by reference.

	<b>WellPoint Historical</b>	<b>WellChoice Historical</b>
	<u>          </u>	<u>          </u>
<b>Net income for the nine months ended September 30, 2005:</b>		
Basic	\$ 2.97	\$ 2.64
Diluted	2.90	2.61
<b>Net income from continuing operations for the twelve months ended December 31, 2004:</b>		
Basic	\$ 3.15	\$ 2.95
Diluted	3.05	2.94
<b>Cash dividends declared</b>		
For the twelve months ended December 31, 2004		
For the nine months ended September 30, 2005		
<b>Book value</b>		
As of September 30, 2005	\$ 34.47	\$ 22.69

**Table of Contents****COMPARATIVE MARKET PRICES AND DIVIDENDS****Recent Closing Prices**

The table below presents the closing price per share of WellPoint common stock on the New York Stock Exchange, and the closing price per share of WellChoice common stock on the New York Stock Exchange, on September 26, 2005, the last full trading day immediately preceding the public announcement date of the merger, and on \_\_\_\_\_, 2005, the most recent practicable date prior to the mailing of this proxy statement/prospectus, as well as the implied value of one share of WellChoice common stock on such dates. The implied value of one share of WellChoice common stock was calculated by multiplying the closing sales price per share for WellPoint's common stock on the New York Stock Exchange on September 26, 2005 and \_\_\_\_\_, 2005, in each case, by the exchange ratio of 0.5191 shares of WellPoint common stock for each share of WellChoice common stock and adding to such amount the cash consideration of \$38.25 to be paid with respect to each share of WellChoice common stock. The implied value of one share of WellChoice common stock on September 26, 2005 reflected a premium of \$6.63 per share or 9.39% over the closing price per share of WellChoice common stock on that date. Keep in mind that the value of the merger consideration to be received by WellChoice stockholders will fluctuate with changes in the price of WellPoint common stock when the price of WellPoint's common stock increases, the value of the merger consideration increases; when the price of WellPoint's common stock decreases, the value of the merger consideration will decrease. There can be no assurances as to the market price of WellPoint common stock at any time prior to the merger or any time thereafter. Stockholders should obtain current trading prices for shares of WellPoint common stock and WellChoice common stock prior to making any decision with respect to the merger.

	<u>WellPoint Common Stock</u>	<u>WellChoice Common Stock</u>	<u>Implied Value of One Share of WellChoice Common Stock</u>
September 26, 2005	\$ 75.09	\$ 70.60	\$ 77.23
_____, 2005	\$	\$	\$

**Historical Market Price Data**

The table below presents the high and low closing sale prices of shares of WellPoint and WellChoice common stock as listed on the New York Stock Exchange. WellChoice's common stock is quoted on the New York Stock Exchange under the symbol WC. WellPoint's common stock is quoted on the New York Stock Exchange under the symbol WLP. Keep in mind that the value of the merger consideration to be received by WellChoice stockholders will fluctuate with changes in the price of WellPoint common stock when the price of WellPoint's common stock increases, the value of the merger consideration increases; when the price of WellPoint's common stock decreases, the value of the merger consideration will decrease. There can be no assurances as to the market price of WellPoint common stock at any time prior to the merger or any time thereafter. Stockholders should obtain current trading prices for shares of WellPoint common stock and WellChoice common stock prior to making any decision with respect to the merger.

	<u>WellPoint Common Stock<sup>1</sup></u>		<u>WellChoice Common Stock</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
2003				

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First Quarter	\$ 33.57	\$ 26.50	\$ 24.00	\$ 17.65
Second Quarter	41.45	31.90	30.40	20.80
Third Quarter	41.00	33.01	33.20	26.80
Fourth Quarter	38.98	32.38	36.40	29.95
<b>2004</b>				
First Quarter	\$ 46.08	\$ 36.25	\$ 38.88	\$ 34.30
Second Quarter	47.80	41.93	44.07	35.30
Third Quarter	46.95	38.88	43.10	34.00
Fourth Quarter	58.88	36.10	53.55	33.81

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	WellPoint Common Stock <sup>1</sup>		WellChoice Common Stock	
	High	Low	High	Low
<b>2005</b>				
First Quarter	\$ 63.98	\$ 54.58	\$ 54.42	\$ 51.02
Second Quarter	71.23	58.20	70.45	52.22
Third Quarter	77.40	65.06	76.24	64.05
Fourth Quarter (through November , 2005)				

<sup>(1)</sup> Adjusted to reflect WellPoint's two-for-one stock split, which was effective on May 31, 2005.

WellPoint did not declare any cash dividends during the periods indicated; WellChoice did not declare any dividends during the periods indicated.

**Number of Stockholders**

As of , 2005, there were approximately stockholders of record of WellChoice common stock, as shown on the records of WellChoice's transfer agent for such shares.

**Shares Held by Certain Stockholders**

Adoption of the merger agreement by WellChoice's stockholders requires the affirmative vote of the holders of a majority of the outstanding shares of WellChoice common stock. As of October 24, 2005, less than 1% of the outstanding shares of WellChoice common stock were held by directors and executive officers of WellChoice and their affiliates. Neither WellPoint nor any of its directors or executive officers owns any shares of WellChoice stock. However, a subsidiary of WellPoint owns 2.5 million shares of WellChoice stock.



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**RISK FACTORS**

*Before you vote for adoption of the merger agreement, you should carefully consider the risks described below in addition to the other information contained in this proxy statement/prospectus, including the section entitled **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 37 of this proxy statement/prospectus. By voting in favor of the adoption of the merger agreement, you will be choosing to invest in WellPoint common stock. The risks and uncertainties described below are not the only ones facing WellPoint. If any of the following risks actually occur, WellPoint's business, financial condition or results of operations could be materially adversely affected, the value of WellPoint's common stock could decline and you may lose all or part of your investment.*

**Risks Relating to the Merger**

*The anticipated benefits of acquiring WellChoice may not be realized.*

WellPoint and WellChoice entered into the merger agreement with the expectation that the merger will result in various benefits including, among others, benefits relating to a stronger and more diverse network of doctors and other health care providers, expanded and enhanced affordable health care services, enhanced revenues, a strengthened market position for WellPoint across the United States, cross-selling opportunities, technology, cost savings and operating efficiencies. Achieving the anticipated benefits of the merger is subject to a number of uncertainties, including whether WellPoint integrates WellChoice in an efficient and effective manner, and general competitive factors in the marketplace. Failure to achieve these anticipated benefits could result in increased costs, decreases in the amount of expected revenues and diversion of management's time and energy and could materially impact WellPoint's business, financial condition and operating results.

*The value of the shares of WellPoint common stock that WellChoice stockholders receive in the merger will vary as a result of the fixed exchange ratio and possible fluctuations in the price of WellPoint's common stock.*

At the effective time of the merger, each outstanding share of WellChoice common stock will be converted into the right to receive 0.5191 shares of WellPoint common stock and \$38.25, in cash, without interest. The ratio at which the shares will be converted is fixed and any changes in the price of WellPoint common stock will affect the value of the consideration that WellChoice stockholders receive in the merger such that if the price of WellPoint common stock declines prior to completion of the merger, the value of the merger consideration to be received by WellChoice stockholders will decrease. Stock price variations could be the result of changes in the business, operations or prospects of WellPoint or WellChoice, market assessments of the likelihood that the merger will be completed within the anticipated time, if at all, general market and economic conditions and other factors which are beyond the control of WellPoint or WellChoice. Recent market prices of WellPoint common stock and WellChoice common stock are set forth in the section entitled **COMPARATIVE MARKET PRICES AND DIVIDENDS**, on page 21 of this proxy statement/prospectus.

*WellPoint may experience difficulties integrating WellChoice and may incur substantial costs in connection with the integration.*

Integrating WellChoice's operations into WellPoint's operating platform will be a complex, time-consuming and expensive process. Before the merger, WellPoint and WellChoice operated independently, each with its own business, products, customers, employees, culture and systems. WellPoint may experience unanticipated and material difficulties or expenses in connection with the integration of WellChoice, especially given the relatively large size and complexity of WellChoice's operations. The time and expense associated with this integration may exceed

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management's expectations and limit or delay the intended benefits of the transaction. Similarly, the process of combining sales and marketing and network management forces, consolidating administrative functions, and coordinating product and service offerings can take longer, cost more, and provide fewer benefits than initially projected. To the extent any of these events occurs, the benefits of the transaction may be reduced.

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WellPoint may face substantial difficulties, costs and delays in integrating WellChoice. These factors may include:

retaining and integrating management and other key employees;

costs and delays in implementing common systems and procedures, where applicable;

perceived adverse changes in product offerings available to customers or customer service standards, whether or not these changes do, in fact, occur;

potential charges to earnings resulting from the application of purchase accounting to the transaction;

difficulty comparing financial reports due to differing management systems;

diversion of management resources from the business of WellPoint;

retention of WellChoice's provider networks;

difficulty in retaining existing customers of each company; and

reduction or loss of customer sales due to the potential for market confusion, hesitation and delay.

After the merger, WellPoint may seek to combine certain operations and functions using common information and communication systems, operating procedures, financial controls and human resource practices, including training, professional development and benefit programs. WellPoint may be unsuccessful in implementing the integration of these systems and processes. Any one or all of these factors may cause increased operating costs, worse than anticipated financial performance or the loss of customers and employees. Many of these factors are also outside the control of either company.

***The merger may result in a loss of customers and providers.***

Some customers may seek alternative sources of products and/or services after the announcement of the merger due to, among other reasons, a desire not to do business with WellPoint or perceived concerns that WellPoint may not continue to support and develop certain product lines. WellPoint could experience some customer attrition by reason of announcement of the merger or after the merger. Difficulties in combining operations could also result in the loss of providers and potential disputes or litigation with customers, providers or others. Any steps by management to counter such potential increased customer or providers attrition may not be effective. Failure by management to control attrition could result in worse than anticipated financial performance.

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

WellPoint and WellChoice must obtain certain approvals and consents in a timely manner from federal and state agencies and the Blue Cross Blue Shield Association prior to the completion of the merger. If WellPoint and WellChoice do not receive these approvals, or do not receive them on terms that satisfy the conditions set forth in the merger agreement, then neither party will be obligated to complete the merger. The governmental agencies from which WellPoint and WellChoice will seek these approvals have broad discretion in administering the governing regulations. As a condition to approval of the merger, these agencies may impose requirements, limitations or costs that could negatively affect the way the combined companies conduct business. These requirements, limitations or costs could jeopardize or delay the completion of the merger. WellPoint is not obligated to complete the merger if a governmental entity imposes a term or condition that would impose any obligation, restriction, limitation, qualification or condition (including any limitation on their ownership or operation of all or any portion of WellPoint's, WellChoice's, or any of their subsidiaries', businesses or assets) on WellPoint and its subsidiaries or on WellChoice and its subsidiaries (other than certain terms or conditions

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that are reasonable and relate to the ordinary course of business of WellChoice and its subsidiaries and that are imposed by a governmental entity with power and authority to grant the necessary consents, and which individually and in the aggregate could have been imposed on WellChoice and its subsidiaries as of September 27, 2005 by a governmental entity, in the ordinary course of regulating the business of WellChoice and its subsidiaries and do not competitively disadvantage WellPoint or any of its subsidiaries or WellChoice or any of its subsidiaries). The merger also is subject to the requirements of the HSR Act, which prevents certain acquisitions from being completed until required information and materials are furnished to the Antitrust Division of the U.S. Department of Justice and the Federal Trade Commission and certain waiting periods are terminated or expire.

Any term or condition imposed by one or more governmental entities could adversely affect WellPoint's ability to integrate the business of WellChoice or reduce the anticipated benefits of the merger. This could result in a material adverse effect on WellPoint's business, results of operations and financial condition. See **THE MERGER Regulatory and Other Approvals Required for the Merger** on page 68 and **THE MERGER AGREEMENT Commercially Reasonable Efforts** on page 88 for a more detailed discussion of regulatory approvals.

*If the conditions to the merger are not met, the merger may not occur.*

Specified conditions set forth in the merger agreement must be satisfied or waived to complete the merger. For a more complete discussion of the conditions to the merger, please see the section entitled **THE MERGER AGREEMENT Conditions to the Completion of the Merger** beginning on page 81 of this proxy statement/prospectus. If the conditions are not satisfied or waived, to the extent permitted by law or New York Stock Exchange rule, the merger will not occur or will be delayed, and each of WellPoint and WellChoice may lose some or all of the intended benefits of the merger. The following conditions, in addition to other customary closing conditions, must be satisfied or waived, if permissible, before WellPoint and WellChoice are obligated to complete the merger:

there must be no temporary restraining order, preliminary or permanent injunction or other order or decree issued by any court of competent jurisdiction or other statute, law, rule, legal restraint or prohibition in effect preventing the completion of the merger;

the waiting period (and any extension thereof) applicable to the merger pursuant to the HSR Act shall have been terminated or shall have expired;

specified governmental consents and approvals must have been obtained and be in full force and effect;

the consent and approval of the Blue Cross Blue Shield Association must have been obtained and be in full force and effect; and

the merger agreement must be adopted by the holders of a majority of the outstanding shares of WellChoice common stock as of the record date.

In addition, the obligations of WellPoint and WellPoint Holding Company to complete the merger are subject to the satisfaction or waiver to the extent permitted by law or New York Stock Exchange rule, of each of the following conditions specified in the merger agreement:

*Required Governmental Consents.* Specified governmental consents and approvals and any other material governmental consents or approvals required to consummate the transactions contemplated by the merger agreement must have been obtained and be in full force and effect; provided that such required consents or approvals or the required approval of the Blue Cross Blue Shield Association

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do not, individually or in the aggregate, impose any Burdensome Term or Condition (as such term is defined in the merger agreement).

*Blue Cross Blue Shield Association.* Any required approval of the Blue Cross Blue Shield Association must have been obtained, so that the right of WellChoice's subsidiaries to use the Blue Cross and Blue Shield name in WellChoice's subsidiaries' licensed service areas remains in full force and effect after

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the merger; and provided that such required approval of the Blue Cross Blue Shield Association and the required consents and approvals referred to above, do not, individually or in the aggregate, impose any Burdensome Term or Condition (as such term is defined in the merger agreement).

*No Proceedings.* There must not be pending or threatened any suit, litigation, action or other proceeding relating to the transactions contemplated by the merger agreement.

*No Material Adverse Change.* No change, circumstance or event shall have occurred at any time on or after the date of the merger agreement that, individually or in the aggregate, shall have had or would reasonably be expected to have a Material Adverse Effect on WellChoice.

*Termination of Certain Agreement.* The registration rights agreement, dated as of November 7, 2002, by and among WellChoice, the Fund and The New York Charitable Asset Foundation shall have been terminated and be of no further force and effect, and neither WellPoint nor any of its subsidiaries will have any further obligations in connection with such agreement.

*State PBM Contract.* A contract related to insuring and administrating a prescription drug program in the State of New York shall have been executed by WellChoice and/or its applicable subsidiary on terms consistent in all material respects with the terms previously disclosed by WellChoice to WellPoint, or such other terms reasonably acceptable to WellPoint, and such contract shall be in full force and effect.

***WellPoint and WellChoice may waive one or more of the conditions to the merger without resoliciting stockholder approval for the merger.***

Each of the conditions to WellPoint's and WellChoice's obligations to complete the merger may be waived, in whole or in part, to the extent permitted by applicable law, by agreement of WellPoint and WellChoice if the condition is a condition to both WellPoint's and WellChoice's obligation to complete the merger, or by the party for which such condition is a condition of its obligation to complete the merger. The boards of directors of WellPoint and WellChoice may evaluate the materiality of any such waiver to determine whether amendment of this proxy statement/prospectus and resolicitation of proxies is necessary. However, WellPoint and WellChoice generally do not expect any such waiver to be significant enough to require resolicitation of stockholders. In the event that any such waiver is not determined to be significant enough to require resolicitation of stockholders, the companies will have the discretion to complete the merger without seeking further stockholder approval.

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

WellPoint has entered into a commitment letter with respect to a bridge loan agreement under which it may borrow up to \$3.0 billion. Pursuant to such commitment letter, the bridge loan agreement contemplated thereby is to contain various conditions to WellPoint's ability to borrow loans thereunder, including conditions related to: (1) the absence of any change, occurrence or development since December 31, 2004 that has had a material adverse effect; (2) WellPoint's long-term unsecured non-credit enhanced debt not being rated less than Baa2 by Moody's and BBB by S&P; (3) the maximum pro forma total debt to capitalization of WellPoint and its subsidiaries; (4) minimum pro forma liquidity of WellPoint and its unregulated subsidiaries; and (5) and such other conditions that are customary for transactions of this nature.

## **Risks Relating to WellPoint's Business**

*Changes in state and federal regulations, or the application thereof, may adversely affect the business of WellPoint, its financial condition and results of operations.*

WellPoint's insurance and health maintenance organization, or HMO, subsidiaries are subject to extensive regulation and supervision by the insurance or HMO regulatory authorities of each state in which they are licensed or authorized to do business, as well as to regulation by federal and local agencies. WellPoint cannot assure you that future regulatory action by state insurance or HMO authorities will not have a material adverse effect on the profitability or marketability of WellPoint's health benefits or managed care products or on its



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business, financial condition and results of operations. In addition, because of WellPoint's participation in government-sponsored programs such as Medicare and Medicaid, changes in government regulations or policy with respect to, among other things, reimbursement levels, could also adversely affect WellPoint's business, financial condition and results of operations. In addition, WellPoint cannot assure you that application of the federal and/or state tax regulatory regime that currently applies to WellPoint will not, or future tax regulation by either federal and/or state governmental authorities concerning WellPoint could not, have a material adverse effect on WellPoint's business, operations or financial condition.

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

***As a holding company, WellPoint is dependent on dividends from its subsidiaries. WellPoint's regulated subsidiaries are subject to state regulations, including restrictions on the payment of dividends and maintenance of minimum levels of capital.***

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

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

***WellPoint faces risks related to litigation.***

WellPoint is, or may be in the future, party to a variety of legal actions that affect any business, such as employment and employment discrimination-related suits, employee benefit claims, breach of contract actions, tort claims and intellectual property-related litigation. In addition, because of the nature of WellPoint's business, it is subject to a variety of legal actions relating to its business operations, including the design, management and offering of its products and services. These could include:

claims relating to the denial of health care benefits;

medical malpractice actions;

allegations of anti-competitive and unfair business activities;

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provider disputes over compensation and termination of provider contracts;

disputes related to self-funded business;

disputes over co-payment calculations;

claims related to the failure to disclose certain business practices; and

claims relating to customer audits and contract performance.

A number of class action lawsuits have been filed against WellPoint and certain of its competitors in the managed care business. The suits are purported class actions on behalf of certain of WellPoint's managed care members and network providers for alleged breaches of various state and federal laws. While WellPoint intends to defend these suits vigorously, it will incur expenses in the defense of these suits and cannot predict their outcome.

On July 11, 2005, WellPoint entered into a settlement agreement with representatives of more than 700,000 physicians nationwide, with respect to the action brought by Charles B. Shane, M.D. and others, which had been designated as the lead case in various class action lawsuits brought against WellPoint and its subsidiaries on behalf of health care providers. Pursuant to the settlement agreement, WellPoint will make cash payments of up to \$198 million. The settlement agreement is subject to, and conditioned upon, review and approval by the U.S. District Court for the Southern District of Florida. An unfavorable review by such court, or any adverse judgment in relation to the class action lawsuits still pending may have an adverse effect on WellPoint's cash flows, results of operations and financial condition. The settlement agreement WellPoint entered into also relates to a second national lawsuit, *Thomas v. Blue Cross and Blue Shield Association, et al.*, which was filed in the United States District Court for the Southern District of Florida in May 2003 by a proposed class of physicians against the Blue Cross Blue Shield Association and various Blue Cross and Blue Shield licensee companies across the country, including WellPoint and a number of its subsidiaries. WellChoice, however, was not a party to the settlement agreement and is still a defendant in the Thomas litigation. Any liabilities imposed on WellChoice in connection with this litigation would be assumed by WellPoint in the merger and could have an adverse effect on WellPoint's cash flows, results of operations and financial condition.

Recent court decisions and legislative activity may increase WellPoint's exposure to any of these types of claims. In some cases, substantial non-economic, treble or punitive damages may be sought. WellPoint currently has insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of insurance may not be enough to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance, and insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future. Any adverse judgment against WellPoint resulting in such damage awards could have adverse effect on WellPoint's cash flows, results of operations and financial condition.

In addition, WellPoint is also involved in pending and threatened litigation of the character incidental to the business transacted, arising out of its insurance and investment operations, and is from time to time involved as a party in various governmental investigations, audits, reviews and administrative proceedings. These investigations, audits and reviews include routine and special investigations by various state insurance departments, state attorneys general and the U.S. Attorney General. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. WellPoint believes that any liability that may result from any one of these actions is unlikely to have a material adverse effect on its consolidated results of operations or financial position.

*WellPoint's inability to contain health care costs, efficiently implement increases in premium rates, maintain adequate reserves for policy benefits, maintain its current provider agreements or avoid a downgrade in its ratings may adversely affect its business and profitability.*

WellPoint's profitability depends in large part on accurately predicting health care costs and on its ability to manage future health care costs through underwriting criteria, medical management, product design and negotiation of favorable provider contracts. The aging of the population and other demographic characteristics

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and advances in medical technology continue to contribute to rising health care costs. Government-imposed limitations on Medicare and Medicaid reimbursement have also caused the private sector to bear a greater share of increasing health care costs. Changes in health care practices, inflation, new technologies, the cost of prescription drugs, clusters of high cost cases, changes in the regulatory environment and numerous other factors affecting the cost of health care may adversely affect WellPoint's ability to predict and manage health care costs, as well as its business, financial condition and results of operations.

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

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

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

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

*A reduction in the enrollment in WellPoint's health benefits programs could have an adverse effect on WellPoint's business and profitability.*

A reduction in the number of enrollees in WellPoint's health benefits programs could adversely affect WellPoint's business, financial condition and results of operations. Factors that could contribute to a reduction in enrollment include:

failure to obtain new customers or retain existing customers;

premium increases and benefit changes;

WellPoint's exit from a specific market;

reductions in workforce by existing customers;

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negative publicity and news coverage;

failure to attain or maintain nationally recognized accreditations; and

general economic downturn that results in business failures.

*The health benefits industry is subject to negative publicity, which can adversely affect WellPoint's business and profitability.*

The health benefits industry is subject to negative publicity. Negative publicity may result in increased regulation and legislative review of industry practices, which may further increase WellPoint's costs of doing business and adversely affect profitability by:

adversely affecting WellPoint's ability to market products and services;

requiring WellPoint to change our products and services; or

increasing the regulatory burdens under which WellPoint operates.

In addition, as long as WellPoint uses the Blue Cross and Blue Shield names and marks in marketing health benefits products and services, any negative publicity concerning the Blue Cross Blue Shield Association or other Blue Cross Blue Shield Association licensees may adversely affect WellPoint and its sales of health benefits products and services. Any such negative publicity could adversely affect WellPoint's business, financial condition and results of operations.

*WellPoint faces competition in many of its markets and customers have flexibility in moving between competitors.*

As a health benefits company, WellPoint operates in a highly competitive environment and in an industry that is currently subject to significant changes from business consolidations, new strategic alliances, legislative reform, aggressive marketing practices by other health benefits organizations and market pressures brought about by an informed and organized customer base, particularly among large employers. This environment has produced and will likely continue to produce significant pressures on the profitability of health benefits companies. WellPoint is dependent on the services of independent agents and brokers in the marketing of its health care products, particularly with respect to individuals, seniors and small employer group members. Such independent agents and brokers are typically not exclusively dedicated to WellPoint and may frequently also market health care products of its competitors. WellPoint faces intense competition for the services and allegiance of independent agents and brokers. In addition, the Gramm-Leach-Bliley Act, which gives banks and other financial institutions the ability to affiliate with insurance companies, could result in new competitors with significant financial resources entering WellPoint's market. WellPoint cannot assure you that it will be able to compete successfully against current and future competitors or that competitive pressures faced by both companies will not materially and adversely affect its businesses, financial conditions and results of operations.

*A change in WellPoint's health care product mix may impact its profitability.*

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WellPoint's health care products that involve greater potential risk generally tend to be more profitable than administrative services products and those health care products where WellPoint is able to shift risk to employer groups. Individuals and small employer groups are more likely to purchase WellPoint's higher-risk health care products because such purchasers are generally unable or unwilling to bear greater liability for health care expenditures. Typically, government-sponsored programs also involve WellPoint's higher-risk health care products. Over the past few years, WellPoint has experienced a slight decline in margins in higher-risk health care products and to a lesser extent on its lower-risk health care and management services products. This decline is primarily attributable to product mix change, product design, competitive pressure and greater regulatory restrictions applicable to the small employer group market. From time to time, WellPoint has implemented price



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increases in certain of its health care businesses. While these price increases may improve profitability, there can be no assurance that this will occur. Subsequent unfavorable changes in the relative profitability between WellPoint's various products could have a material adverse effect on its business, financial condition, and results of operations.

*WellPoint's pharmacy benefit management company operates in an industry faced with a number of risks and uncertainties in addition to those WellPoint faces with its core health care business.*

The following are some of the industry-related risks that could have a material adverse effect on WellPoint's business, financial condition and results of operations:

the application of federal and state anti-remuneration laws (generally known as "anti-kickback" laws);

compliance requirements for pharmacy benefit manager fiduciaries under ERISA, including compliance with fiduciary obligations under ERISA in connection with the development and implementation of items such as formularies, preferred drug listings and therapeutic intervention programs; and potential liability regarding the use of patient-identifiable medical information;

a number of federal and state legislative proposals are being considered that could affect a variety of industry practices, such as the receipt of rebates from pharmaceutical manufacturers.

WellPoint believes that its pharmacy benefit management business is currently being conducted in compliance in all material respects with applicable legal requirements. However, there can be no assurance that WellPoint's business will not be subject to challenge under various laws and regulations, or that any such challenge will not have a material adverse effect on its business, financial condition and results of operations.

*WellPoint is a party to license agreements with the Blue Cross Blue Shield Association that entitle it to the exclusive use of the Blue Cross and Blue Shield names and marks in its geographic territories. The termination of these license agreements or changes in the terms and conditions of these license agreements could adversely affect WellPoint's business, financial condition and results of operations.*

WellPoint uses the Blue Cross and Blue Shield names and marks as identifiers for its products and services under licenses from the Blue Cross Blue Shield Association. WellPoint's license agreements with the Blue Cross Blue Shield Association contain certain requirements and restrictions regarding WellPoint's operations and its use of the Blue Cross and Blue Shield names and marks, including:

minimum capital and liquidity requirements;

enrollment and customer service performance requirements;

participation in programs that provide portability of membership between plans;

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disclosures to the Blue Cross Blue Shield Association relating to enrollment and financial conditions;

disclosures as to the structure of the Blue Cross and Blue Shield systems in contracts with third parties and in public statements;

plan governance requirements;

a requirement that at least 80% (or, in the case of Blue Cross of California, substantially all) of a licensee's annual combined local net revenue attributable to health benefits plans within its service areas must be sold, marketed, administered or underwritten under the Blue Cross and Blue Shield names and marks;

a requirement that at least 66<sup>2/3</sup>% of a licensee's annual combined national net revenue attributable to health benefits plans must be sold, marketed, administered or underwritten under the Blue Cross and Blue Shield names and marks;

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a requirement that neither a plan nor any of its licensed affiliates may permit an entity other than a plan or a licensed affiliate to obtain control of the plan or the licensed affiliate or to acquire a substantial portion of its assets related to licensable services;

a requirement that WellPoint guarantee the contractual and financial obligations of its licensed affiliates; and

a requirement that WellPoint indemnify the Blue Cross Blue Shield Association against any claims asserted against it resulting from the contractual and financial obligations of any subsidiary that serves as a fiscal intermediary providing administrative services for Medicare Parts A and B.

Failure to comply with the foregoing requirements could result in a termination of the license agreements.

The standards under the license agreements may be modified in certain instances by the Blue Cross Blue Shield Association. For example, from time to time there have been proposals considered by the Blue Cross Blue Shield Association to modify the terms of the license agreement to restrict various potential business activities of licensees. These proposals have included, among other things, a limitation on the ability of a licensee to make its provider networks available to insurance carriers or other entities not holding a Blue Cross Blue Shield license. To the extent that such amendments to the license agreement are adopted in the future, they could have a material adverse effect on WellPoint's future expansion plans or results of operations.

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

***WellPoint's investment portfolios are subject to varying economic and market conditions, as well as regulation. If WellPoint fails to comply with these regulations, it may be required to sell certain investments.***

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

***As a Medicare fiscal intermediary, WellPoint is subject to complex regulations. If WellPoint fails to comply with these regulations, it may be exposed to criminal sanctions and significant civil penalties.***

Like a number of other Blue Cross and Blue Shield companies, WellPoint serves as a fiscal intermediary for the Medicare program, which generally provides coverage for persons who are 65 or older and for persons with end-stage renal disease. Part A of the Medicare program provides coverage for services provided by hospitals,

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skilled nursing facilities and other health care facilities. Part B of the Medicare program provides coverage for services provided by physicians, physical and occupational therapists and other professional providers. Part B also includes coverage for durable medical equipment such as diabetic supplies and wheelchairs. WellPoint's subsidiaries, United Government Services, LLC, AdminaStar Federal, Inc., Anthem Health Plans of Maine, Inc., Anthem Health Plans of New Hampshire, Inc., and Blue Cross and Blue Shield of Georgia collectively serve as the second largest Medicare contractor for fiscal intermediary services. As a fiscal intermediary, WellPoint receives reimbursement for certain costs and expenditures, which is subject to adjustment upon audit by the federal Centers for Medicare and Medicaid Services (formerly the Health Care Financing Administration). The laws and regulations governing fiscal intermediaries for the Medicare program are complex, subject to interpretation and can expose a fiscal intermediary to penalties for non-compliance. Fiscal intermediaries may be subject to criminal fines, civil penalties or other sanctions as a result of such audits or reviews.

*Regional concentrations of WellPoint's businesses may subject WellPoint to economic downturns in those regions.*

WellPoint's business operations include or consist of regional companies located in the Midwest, East, West and South, with most of WellPoint's revenues generated in the states of California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, Ohio, Virginia and Wisconsin. Due to this concentration of business in a small number of states, WellPoint is exposed to potential losses resulting from the risk of an economic downturn in these states. If economic conditions in these states deteriorate, WellPoint may experience a reduction in existing and new business, which could have a material adverse effect on WellPoint's business, financial condition and results of operations.

*Large-scale medical emergencies may have a material adverse effect on WellPoint's business, financial condition and results of operations.*

Following the terrorist attacks of September 11, 2001, there have been various incidents of suspected bioterrorist activity in the United States. To date, these incidents have resulted in related isolated incidents of illness and death. However, federal and state law enforcement officials have issued warnings about additional potential terrorist activity involving biological and other weapons. If the United States were to experience more widespread bioterrorist or other attacks, WellPoint's covered medical expenses could rise and it would experience a material adverse effect on its business, financial condition, and results of operations.

*WellPoint has built a significant portion of its current business through mergers and acquisitions and expects to pursue acquisitions in the future.*

The following are some of the risks associated with acquisitions that could have a material adverse effect on WellPoint's business, financial condition and results of operations:

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

WellPoint may assume liabilities that were not disclosed to it or for which it underestimates;

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

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

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

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

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

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*WellPoint has substantial indebtedness outstanding and may incur additional indebtedness in the future. As a holding company, it is not able to repay its indebtedness except through dividends from subsidiaries, some of which are restricted in their ability to pay such dividends under applicable insurance law and undertakings. Such indebtedness could also adversely affect WellPoint's ability to pursue desirable business opportunities.*

WellPoint currently intends to incur up to approximately \$2.7 billion in debt to finance a portion of the cash payments to be made to WellChoice's stockholders in the merger and the transaction costs associated with the merger. WellPoint may also incur additional indebtedness in the future for other corporate purposes. In 2004, WellPoint incurred significant indebtedness in connection with the acquisition of WellPoint Health Networks, Inc. Upon completion of the merger with WellChoice, WellPoint could incur significant additional indebtedness to fund the cash portion of the transaction. If WellPoint incurs this additional indebtedness, then WellPoint may need to apply a significant amount of its cash flow toward the payment of interest and principal. WellPoint's operations might not generate sufficient cash flow to cover required interest and principal payments.

WellPoint has substantial indebtedness outstanding and currently has available borrowing capacity under its credit facilities of an additional \$1.6 billion. WellPoint may also incur additional indebtedness in the future.

WellPoint's current debt service obligations require it to use a portion of its cash flow to pay interest and principal on debt instead of for other corporate purposes, including funding future expansion. If WellPoint's cash flow and capital resources are insufficient to service its debt obligations, WellPoint may be forced to seek extraordinary dividends from its subsidiaries, sell assets, seek additional equity or debt capital or restructure its debt. However, these measures might be unsuccessful or inadequate in permitting WellPoint to meet scheduled debt service obligations.

As a holding company, WellPoint has no operations and is dependent on dividends from its subsidiaries for cash to fund its debt service and other corporate needs. WellPoint's subsidiaries are separate legal entities. Furthermore, its subsidiaries are not obligated to make funds available to it, and creditors of WellPoint's subsidiaries will have a superior claim to certain of its subsidiaries' assets. State insurance laws restrict the ability of WellPoint's regulated subsidiaries to pay dividends and in some states WellPoint has made special undertakings that may limit the ability of our regulated subsidiaries to pay dividends. In addition, WellPoint's subsidiaries' ability to make any payments to it will also depend on their earnings, the terms of their indebtedness, business and tax considerations and other legal restrictions. WellPoint cannot assure you that its subsidiaries will be able to pay dividends or otherwise contribute or distribute funds to it in an amount sufficient to pay the principal of or interest on the indebtedness owed by WellPoint. Indebtedness could also limit WellPoint's ability to pursue desirable business opportunities, and may affect its ability to maintain an investment grade rating for its indebtedness.

WellPoint may also incur future debt obligations that might subject it to restrictive covenants that could affect its financial and operational flexibility. WellPoint's breach or failure to comply with any of these covenants could result in a default under its credit agreements. If WellPoint defaults under its credit agreements, the lenders could cease to make further extensions of credit or cause all of WellPoint's outstanding debt obligations under its credit agreements to become immediately due and payable, together with accrued and unpaid interest. If the indebtedness under the notes or credit agreements is accelerated, WellPoint may be unable to repay or finance the amounts due.

Any additional indebtedness incurred by WellPoint may adversely affect its ability to finance operations. Further, any additional indebtedness may affect WellPoint's ability to maintain an investment grade rating for its indebtedness, which could have a material adverse effect on WellPoint's financial condition and operations.

*WellPoint faces intense competition to attract and retain employees.*

WellPoint is dependent on retaining existing employees, attracting and retaining additional qualified employees to meet current and future needs and achieving productivity gains from its investment in technology. WellPoint faces intense competition for qualified employees, especially information technology personnel and



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other skilled professionals, and there can be no assurance that it will be able to attract and retain such employees or that such competition among potential employers will not result in increasing salaries. There also can be no assurance that an inability to retain existing employees or attract additional employees will not have a material adverse effect on WellPoint's business, financial condition and results of operations.

*The failure to effectively maintain and modernize WellPoint's operations in an Internet environment could adversely affect its business.*

WellPoint's business depends significantly on effective information systems, and it has many different information systems for its various businesses. WellPoint's information systems require an ongoing commitment of significant resources to maintain and enhance existing systems and develop new systems in order to keep pace with continuing changes in information processing technology, evolving industry and regulatory standards, and changing customer preferences. In addition, WellPoint may from time to time obtain significant portions of its systems-related or other services or facilities from independent third parties, which may make WellPoint operations vulnerable to such third parties' failure to perform adequately. As a result of WellPoint's merger and acquisition activities, it has acquired additional systems. WellPoint's failure to maintain effective and efficient information systems, or its failure to efficiently and effectively consolidate its information systems to eliminate redundant or obsolete applications, could have a material adverse effect on WellPoint's business, financial condition and results of operations.

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

*WellPoint may experience difficulties in integrating the businesses of Anthem, Inc. and WellPoint Health Networks Inc., which could cause WellPoint to lose many of the anticipated potential benefits of the merger between Anthem, Inc. and WellPoint Health Networks Inc.*

WellPoint acquired WellPoint Health Networks Inc. in 2004 because WellPoint believed that the merger will be beneficial to WellPoint. Continuing to achieve the anticipated benefits of the merger will depend in part upon whether the two companies integrate their businesses in an efficient and effective manner. WellPoint may not be able to accomplish this integration process smoothly or successfully. The necessity of coordinating geographically separated organizations and addressing possible differences in corporate cultures and management philosophies may increase the difficulties of integration. The integration of certain operations following the merger will continue to require the dedication of significant management resources, which may temporarily distract management's attention from the company's day-to-day business. WellPoint may not achieve the expected level of synergies anticipated by this transaction. Because of the complex nature of the integration process, WellPoint cannot provide any assurances regarding the ultimate success of these integration activities. Any inability of WellPoint's management to successfully integrate the operations could have a material adverse effect on WellPoint's business, results of operations and financial condition.

*Indiana law, and other applicable laws, and WellPoint's articles of incorporation and bylaws, may prevent or discourage takeovers and business combinations that WellPoint's shareholders might consider in their best interests.*

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Indiana law and WellPoint's articles of incorporation and bylaws may delay, defer, prevent or render more difficult a takeover attempt that WellPoint's shareholders might consider in their best interests. For instance, they

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may prevent WellPoint shareholders from receiving the benefit from any premium to the market price of WellPoint's common stock offered by a bidder in a takeover context. Even in the absence of a takeover attempt, the existence of these provisions may adversely affect the prevailing market price of WellPoint's common stock if they are viewed as discouraging takeover attempts in the future.

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

In addition to the restrictions described above, under the Indiana demutualization law, for a period of five years following November 2, 2001, the effective date of WellPoint's demutualization, no person may acquire beneficial ownership of 5% or more of the outstanding shares of WellPoint's common stock without the prior approval of the Indiana Insurance Commissioner and WellPoint's board of directors. Any WellPoint shares acquired in violation of this restriction, including shares acquired by WellChoice stockholders in the merger that constitute 5% or more of the outstanding shares of WellPoint common stock immediately after the merger without the prior approval of the Indiana Insurance Commissioner and WellPoint's board of directors, may not be voted at any shareholders' meeting. This restriction does not apply to acquisitions made by WellPoint or made pursuant to an employee benefit plan or employee benefit trust sponsored by WellPoint. The Indiana Insurance Commissioner has adopted rules under which passive institutional investors could purchase 5% or more but less than 10% of WellPoint's outstanding common stock with the prior approval of WellPoint's board of directors and prior notice to the Indiana Insurance Commissioner.

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

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

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**CAUTIONARY STATEMENT REGARDING  
FORWARD-LOOKING STATEMENTS**

This proxy statement/prospectus, including the annexes and exhibits hereto, and the other documents incorporated by reference in this proxy statement/prospectus contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be made directly in this proxy statement/prospectus referring to WellPoint or WellChoice, including the appendices attached to this proxy statement/prospectus and included herein by reference, and may include statements regarding the period following completion of the merger. These statements are intended to take advantage of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995.

These forward-looking statements are based on current expectations or projections about operations, industry, financial condition and liquidity. Words such as may, could, will, should, plan, predict, potential, anticipate, continue, estimate, expect, project, intend, thereof or words of similar substance used in connection with any discussion of future operating or financial performance, the merger or our businesses, identify forward-looking statements. You should note that the discussion of WellPoint's and WellChoice's reasons for the merger and the description of WellChoice's financial advisor's opinion, as well as other portions of this proxy statement/prospectus, contain many forward-looking statements that describe beliefs, assumptions and estimates as of the indicated dates and those forward-looking expectations may have changed as of the date of this proxy statement/prospectus. In addition, any statements that refer to expectations, projections or other characterizations of future events or circumstances, including any underlying assumptions, are forward-looking statements. By their nature, forward-looking statements are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Therefore, actual results could differ materially and adversely from these forward-looking statements.

Health benefits companies operate in a highly competitive, constantly changing environment that is significantly influenced by aggressive marketing and pricing practices of competitors, regulatory oversight and organizations that have resulted from business combinations. In addition to the risk factors identified elsewhere in this proxy statement/prospectus, the following is a summary of factors, the results of which, either individually or in combination, if markedly different from WellPoint's and WellChoice's planning assumptions, could cause WellPoint's and WellChoice's results to differ materially from those expressed in any forward-looking statements contained in this proxy statement/prospectus, including the Annexes attached to this proxy statement/prospectus and incorporated by reference into this proxy statement/prospectus:

trends in health care costs and utilization rates;

the ability to secure sufficient premium rate increases;

competitor pricing below market trends of increasing costs;

increased government regulation of health benefits and managed care;

significant acquisitions or divestitures by major competitors;

introduction and utilization of new prescription drugs and technology;

a downgrade in our financial strength ratings;

litigation targeted at health benefits companies;

the ability to contract with providers consistent with past practice;

other potential uses of cash in the future that present attractive alternatives to share repurchases;

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

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

revenues following the WHN merger may be lower than expected;

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

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

the ability to meet expectations regarding repurchases of shares of WellPoint's common stock;

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

revenues following the merger may be lower than expected;

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

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

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

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

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

general economic downturns.

Because such forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. WellChoice stockholders are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement/prospectus or the date of any document incorporated by reference.

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



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**THE WELLCHOICE SPECIAL MEETING**

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

Together with this proxy statement/prospectus, WellChoice is also sending you a notice of the WellChoice special meeting and a form of proxy that is solicited by WellChoice's board of directors for use at the WellChoice special meeting to be held on , 2005, at , at and any adjournments or postponements of the meeting.

**Matters to be Considered**

The purpose of the WellChoice special meeting is to consider and to vote on a proposal to adopt the Agreement and Plan of Merger, dated as of September 27, 2005, among WellPoint, WellPoint Holding Corp., a direct wholly owned subsidiary of WellPoint, and WellChoice.

You may be asked to vote upon other matters that may properly be submitted to a vote at the WellChoice special meeting. You also may be asked to vote on a proposal to adjourn or postpone the WellChoice special meeting.

**Proxies**

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

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

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

submitting a properly executed proxy of a later date; or

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



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

WellChoice, Inc.

11 West 42nd Street

New York, New York 10036

Attention: Seth I. Truwit, Secretary

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

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

All shares represented by valid proxies that WellChoice receives through this solicitation, and that are not revoked, on a timely basis, will be voted in accordance with the instructions on the proxy card. If you make no specification on your proxy card as to how you want your shares to be voted before signing and returning it, your

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proxy will be voted **FOR** the adoption of the merger agreement and the transactions contemplated by the merger agreement. The WellChoice board of directors is currently unaware of any other matters that may be presented for action at the special meeting. If other matters properly come before the special meeting, or any adjournment or postponement thereof, WellChoice intends that shares represented by properly submitted proxies will be voted, or not voted, by and at the discretion of the persons named as proxies on the proxy card.

**WellChoice stockholders should NOT send stock certificates with their proxy cards.**

## **Voting of Fund Shares**

The Fund holds approximately 62% of the outstanding shares of WellChoice common stock as of the record date. Under the terms of a voting agreement, dated as of September 27, 2005, entered into between the Fund and WellPoint (which is referred to in this proxy statement/prospectus as the voting agreement), the Fund has agreed to vote or cause to be voted all of its shares of WellChoice common stock in favor of the adoption of the merger agreement, subject to certain exceptions.

## **Solicitation of Proxies; Expenses of Solicitation**

WellPoint and WellChoice will share equally the costs of filing, printing and mailing this proxy statement/prospectus for the special meeting. In addition to solicitation by mail, directors, officers and regular employees of WellChoice or its subsidiaries may solicit proxies from stockholders by telephone, telegram, e-mail, personal interview or other means. WellPoint and WellChoice currently expect not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger agreement. Directors, officers and employees of WellPoint and WellChoice will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out of pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out of pocket expenses.

## **Record Date**

WellChoice has fixed the close of business on \_\_\_\_\_, 2005, as the record date for determining the WellChoice stockholders entitled to receive notice of and to vote at the WellChoice special meeting or any adjournment or postponement thereof. At that time, \_\_\_\_\_ shares of WellChoice common stock were outstanding, held by approximately \_\_\_\_\_ holders of record.

## **Voting Rights and Vote Required**

The presence, in person or by properly executed proxy, of the holders of a majority of the outstanding shares of WellChoice common stock, including the one outstanding share of WellChoice Class B common stock (which has no special or super vote with respect to the merger), entitled to vote thereon is necessary to constitute a quorum at the special meeting. Because the Fund holds approximately 62% of WellChoice outstanding common stock (including the one outstanding share of Class B common stock), its presence at the meeting, whether in person, by

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proxy or otherwise, will determine the presence of a quorum for the special meeting. Under the applicable New York Stock Exchange rules, brokers or members who hold shares in street name for customers who are the beneficial owners of such shares are prohibited from giving a proxy to vote those shares with respect to adopting the merger agreement without specific instructions from such customers. An unvoted proxy submitted by a broker is sometimes referred to as a broker non-vote.

The actions proposed in this proxy statement/prospectus are not matters that can be voted on by brokers holding shares for beneficial owners without the owners' specific instructions. If you do not instruct your broker, bank or other nominee, they will not be able to vote your shares, such failure to vote is a broker non-vote. Accordingly, if a broker or bank holds your shares you are urged to instruct your broker or bank on how to vote your shares.

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The adoption of the merger agreement requires the affirmative vote of the holders of a majority of the shares of WellChoice common stock and Class B common stock entitled to vote thereon, voting together as a single class, outstanding as of the record date. The Fund, which holds approximately 62% of WellChoice's outstanding shares, has already agreed with WellPoint to vote or cause to be voted, subject to certain exceptions, all of the shares it owns in favor of the merger. The affirmative vote of the Fund will be sufficient to adopt the merger agreement. You are entitled to one vote for each share of WellChoice common stock you held as of the record date.

As of the record date:

Directors and executive officers of WellChoice and their affiliates beneficially owned or had the right to vote \_\_\_\_\_ shares of WellChoice common stock, or less than \_\_\_\_\_ % of the WellChoice common stock outstanding on that date.

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

## **Recommendation of the Board of Directors**

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

See THE MERGER WellChoice's Reasons for the Merger; Recommendation of WellChoice's Board of Directors on page 54 for a more detailed discussion of the WellChoice board of directors' recommendation.

## **Attending the Meeting**

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

## **Revocation of Proxies**

You may revoke your proxy at any time prior to its use by delivering it to the Secretary of WellChoice, at WellChoice's offices at 11 West 42nd Street, New York, New York 10036, a signed notice of revocation bearing a date later than the date of the proxy stating that the proxy is revoked or by granting a duly executed new, signed proxy bearing a later date, or if you are a holder of record by attending the special meeting and voting in person. However, simply attending the special meeting without voting will not revoke your proxy. If you hold your shares in street name, you must get a proxy from your broker, bank or other custodian to vote your shares in person at the special meeting.

**Householding**

Some banks, brokers and other nominee record holders may be participating in the practice of householding proxy statements and annual reports. This means that only one copy of this proxy statement/prospectus may have been sent to multiple stockholders in your household. WellChoice will promptly deliver a separate copy of this proxy statement/prospectus, including the attached annexes to you if you write to WellChoice, Inc., 11 West 42nd Street, New York, New York 10036, Attention: Investor Relations or call

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Investor Relations at (212) 476-7800. If you wish to receive separate copies of an annual report or proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker or other nominee record holder, or you may contact WellChoice, as applicable, at the above address and phone number.

**The matters to be considered at the special meeting are of great importance to the stockholders of WellChoice. Accordingly, you are urged to read and carefully consider the information presented in this proxy statement/prospectus, and to complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope.**

**Stockholders should not send any stock certificates at this time. A transmittal form with instructions for the surrender of stock certificates for WellChoice common stock will be mailed to you as soon as practicable after completion of the merger.**

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**INFORMATION ABOUT THE COMPANIES**

WellPoint, Inc.

120 Monument Circle

Indianapolis, Indiana 46204

(317) 488-6000

WellPoint is the largest publicly traded commercial health benefits company in terms of membership in the United States, serving approximately 29 million medical members as of September 30, 2005. WellPoint is an independent licensee of the Blue Cross Blue Shield Association, or BCBSA, an association of independent health benefit plans, and serves its members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield, or BCBS, licensee for twelve other states: Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, Ohio, Virginia (excluding the immediate suburbs of Washington, D.C.), and Wisconsin. WellPoint also serves customers throughout various parts of the United States as HealthLink and UniCare. WellPoint is licensed to conduct insurance operations in all 50 states and Puerto Rico through its subsidiaries.

WellPoint offers a broad spectrum of network-based managed care plans to the large and small employer, individual, Medicaid and senior markets. Its managed care plans include preferred provider organizations, or PPOs, health maintenance organizations, or HMOs, point-of-service plans, or POS plans, traditional indemnity plans and other hybrid plans, including consumer directed, hospital only and limited benefit products. In addition, WellPoint provides a broad array of managed care services to self-funded customers, including claims processing, underwriting, stop loss insurance, actuarial services, provider network access, medical cost management and other administrative services. WellPoint also provides an array of specialty and other products and services including pharmacy benefit management, group life and disability insurance, dental, vision, behavioral health benefits, workers compensation and long-term care insurance. For its insured products, WellPoint charges a premium and assumes all or a majority of the health care risk. Under self-funded and partially insured products, WellPoint charges a fee for services, and the employer or plan sponsor reimburses it for all or a majority of the health care costs. Approximately 93% of WellPoint's total operating revenue for the nine months ended September 30, 2005 was derived from premium income, while approximately 7% was derived from administrative services and other revenues.

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

For more information on WellPoint, see **WHERE YOU CAN FIND MORE INFORMATION** on page 115.

WellChoice, Inc.

11 West 42nd Street

New York, New York 10036

(212) 476-7800

WellChoice is the largest health insurance company in the State of New York based on PPO and HMO membership. As of September 30, 2005, WellChoice served approximately 5 million members through its service areas. WellChoice's service areas include 10 downstate New York counties, which are referred to as the New York City metropolitan area, and where WellChoice holds a leading market position covering over 22% of the population, 18 counties in upstate New York and 16 counties in New Jersey.



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WellChoice has the exclusive right to use the Blue Cross and Blue Shield names and marks for all of its health benefits products in ten counties in the New York City metropolitan area and in six counties in upstate New York and the non-exclusive right to use these names and marks in one upstate New York county. In addition, WellChoice has an exclusive right to use only the Blue Cross names and marks in seven counties in its upstate New York service area and a non-exclusive right to use only the Blue Cross names and marks in an additional four upstate New York counties. WellChoice's membership in the Blue Cross Blue Shield Association also enables it to provide its PPO, EPO and indemnity members access to the national network of providers through the BlueCard program. This program allows these members access to in-network benefits through the networks of Blue Cross Blue Shield plans throughout the United States and over 200 foreign countries and territories. Substantially all of WellChoice's revenues, and nearly all of its membership, is derived from the sale of its Blue Cross Blue Shield products and services.

After the merger, WellChoice intends to continue to grow its business in its local markets, particularly in the small group and middle market customer segment, by maintaining, developing and offering the broad continuum of managed care products that the New York market demands. Generally, the breadth and flexibility of WellChoice's benefit plan options are designed to appeal to a variety of employer groups and individuals with differing product and service preferences. Future product variations will include freedom in selecting providers, cost sharing, scope of coverage and the degree of medical management.

For more information on WellChoice, see **WHERE YOU CAN FIND MORE INFORMATION** on page 115.

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### **THE MERGER**

*The following discussion contains material information pertaining to the merger. This discussion is subject, and qualified in its entirety by reference, to the merger agreement and the financial advisor opinion attached as appendices to this proxy statement/prospectus. We urge you to read and review those entire documents as well as the discussion in this proxy statement/prospectus.*

#### **General**

This section provides material information about the merger of WellPoint and WellChoice and the circumstances surrounding the merger. The next sections of this proxy statement/prospectus, entitled **THE MERGER AGREEMENT** and **THE VOTING AGREEMENT** beginning on pages 76 and 91, respectively, have additional and more detailed information regarding the legal documents that govern the merger, including information about the conditions to the completion of the merger and the provisions for terminating the merger agreement.

At the WellChoice special meeting, WellChoice stockholders will be asked to consider and vote upon a proposal to adopt the merger agreement. The adoption of the merger agreement will constitute the adoption of the transactions it contemplates, including, among others, the merger of WellChoice with and into WellPoint Holding Corp., a direct wholly owned subsidiary of WellPoint.

We are furnishing this proxy statement/prospectus to WellChoice stockholders in connection with the solicitation of proxies by the board of directors of WellChoice for use at its special meeting of stockholders and any adjournment or postponement of the meetings.

#### **Structure**

The merger agreement provides for the merger of WellChoice with and into WellPoint Holding Corp., a Delaware corporation and a direct wholly owned subsidiary of WellPoint. Upon the completion of the merger, the separate corporate existence of WellChoice will cease and WellPoint Holding Corp. will continue as the surviving entity. Alternatively, in lieu of WellChoice being merged with and into WellPoint Holding Corp., if WellPoint elects the Reverse Merger Election, pursuant to which WellPoint Holding Corp. will be merged with and into WellChoice, WellChoice will continue as the surviving entity.

The merger agreement provides that each share of WellChoice common stock issued and outstanding immediately prior to the effective time of the merger, other than (i) WellChoice treasury shares, (ii) shares of WellChoice common stock owned by WellPoint or WellPoint Holding Corp., (iii) dissenting shares, and (iv) subsidiary held stock (as each term is defined in the merger agreement), will be converted into the right to receive (x) \$38.25 in cash, without interest, and (y) 0.5191 shares of WellPoint common stock, par value \$0.01 per share. Upon completion of the merger, all shares of WellChoice common stock will no longer be outstanding and will be automatically canceled and cease to exist.

WellPoint will account for the merger as a purchase for financial reporting purposes. See **ACCOUNTING TREATMENT** on page 93. The merger is intended to qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended (the Code), so that you will recognize gain (but not loss) for United States federal income tax purposes as a result of the merger to the extent of any

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cash received as part of the merger consideration. The merger is conditioned on the receipt of legal opinions that the merger will qualify as a reorganization for United States federal income tax purposes. If this condition is not satisfied, WellPoint has the right to complete the merger in a manner that is fully taxable to you. For a more complete discussion of the United States federal income tax consequences of the merger, see MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE MERGER on page 94.

### **Background of the Merger**

At various times over the years, WellPoint's board of directors has engaged with senior management in strategic reviews, including reviews of affiliation opportunities for WellPoint. As part of these reviews, publicly

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available background information on WellChoice and the strategic and financial opportunities of a combination of WellPoint and WellChoice were presented and discussed. Early in 2005, Mr. Larry C. Glasscock, President and Chief Executive Officer of WellPoint, contacted Dr. Stocker with respect to a potential business combination transaction involving the two companies.

Beginning in December 2004, WellChoice's management and its financial advisor, Lazard Frères & Co. LLC, considered WellChoice's long-term prospects, including its long-term financial plan, as a stand-alone company as well as various strategic opportunities. These included niche acquisitions to gain capabilities (such as additional capabilities in the consumer directed health marketplace), strategic acquisitions of other health insurers, stock repurchases and the sale of the company (to companies in the financial services industry or to another health insurer). Lazard Frères presented the results of this analysis at a special meeting of the WellChoice board of directors on February 1, 2005. At this meeting, Dr. Stocker reported that Mr. Glasscock had contacted him to discuss a possible transaction between the companies.

At the regularly scheduled meeting of the WellChoice board of directors on February 2, 2005, as part of its review and analysis of a potential acquisition, WellChoice's board of directors formed a Pricing Committee to consider strategic alternatives.

At a regularly scheduled board meeting on February 2, 2005, management of WellPoint provided its board of directors with a general update of corporate development activities, including an update on the status of a potential transaction with WellChoice.

At a regularly scheduled board meeting on March 16, 2005, management of WellPoint provided its board of directors with another general update of corporate development activities, including an update on the status of a potential transaction with WellChoice.

At the regularly scheduled meeting of the WellChoice board of directors on March 23, 2005, management updated the board of directors as to potential strategic transactions. WellChoice management also informed the board of an indication of interest that had been informally expressed by an additional Blue plan.

At the regularly scheduled meeting of the WellChoice board of directors on April 20, 2005, Lazard Frères made a presentation to the WellChoice board of directors regarding valuation of the company on a stand-alone basis. In addition, management updated the board of directors as to the potential impact to WellChoice of the proposed national best efforts rule that the Blue Cross Blue Shield Association was expected to soon adopt, that would mandate that all Blue plans have at least two-thirds of their health-related business branded Blue. Management also again updated the board of directors as to the potential strategic transactions, including an update on the status of discussions with WellPoint. In particular, Dr. Stocker informed the board of directors that, following the March 23, 2005 board meeting, he had further discussions with Mr. Glasscock regarding a possible merger of WellChoice with and into WellPoint, but that Mr. Glasscock was hesitant to proceed with such discussions prior to the resolution of several key issues, including the Consumer's Union litigation and the controversy over the New York State Comptroller's role in approving certain actions of the Fund. At that meeting, the WellChoice board of directors authorized management to proceed with discussions with WellPoint and the other Blue plan that had expressed interest in acquiring WellChoice.

During the period following that meeting, as directed by the board of directors, WellChoice management continued discussions with WellPoint and the other Blue plan.

At a regularly scheduled board of directors meeting on May 25, 2005, management of WellPoint provided its board of directors with a general update of corporate development activities, including an update on the status of discussions with WellChoice and the board of directors directed

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management to proceed with more detailed discussions with and due diligence of WellChoice.

On May 26, 2005, WellChoice and WellPoint management, along with certain of their legal advisors, met in Indianapolis, Indiana. During this meeting, the group discussed a potential transaction.

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Following the May 26, 2005 meeting, several discussions took place between WellChoice and WellPoint management. On June 7, 2005, Mr. Glasscock expressed to Dr. Stocker an interest in moving forward with a transaction and gave an initial indication of price.

As discussions continued with the other Blue plan, that Blue plan determined that it would be difficult to proceed with a transaction at a price acceptable to the WellChoice board of directors. WellChoice management continued discussions with WellPoint.

On June 14, 2005, a special meeting of the WellChoice board of directors was called to discuss the potential transaction with WellPoint. At that meeting, management discussed several issues related to the transaction, and Lazard Frères made an updated valuation presentation. At this meeting, the WellChoice board of directors determined that WellPoint's initial indication of price was sufficient for the parties to begin due diligence. On June 15, 2005, WellChoice and WellPoint entered into customary confidentiality agreements.

On June 16, 2005, the Blue Cross Blue Shield Association passed the national best efforts rule. In addition, the Blue Cross Blue Shield Association increased the reestablishment fee that a Blue plan must pay to the Association in the event its license agreement with the Association is terminated (with limited exceptions) from \$25 per member to \$80 per member for 2005. During the week of June 20, 2005, several other developments occurred with a positive impact on the potential transaction. In particular, the Consumer's Union litigation was decided in WellChoice's favor by the New York State Court of Appeals and legislation was passed clarifying the role of the New York State Comptroller in the management of the Fund.

Starting on June 27, 2005 senior management and legal, financial and other representatives and advisors of WellPoint commenced a due diligence review of WellChoice. This review included meetings between Mr. Glasscock, other members of WellPoint's senior management and representatives of its financial and legal advisors.

On June 28, 2005, the Fund made a demand in accordance with its Registration Rights Agreement with WellChoice for WellChoice to file a registration statement to enable the Fund to sell-down its ownership interest in WellChoice, as required by the Voting Trust and Divestiture Agreement between WellChoice and the Fund. At this point, WellChoice advised the Fund of the merger discussions with WellPoint and issued a blackout notice to the Fund, temporarily suspending the proposed sell-down.

On June 29, 2005, the WellPoint board of directors held a special telephonic meeting to discuss the resolution of the Consumer's Union litigation in which WellChoice was a defendant and its impact on the potential transaction. During such meeting, WellPoint management updated the board of directors on the potential transaction with WellChoice.

On July 6 and July 7, 2005 in New York, New York, WellChoice's management presented WellPoint with an overview of WellChoice and WellChoice's business strategies, plans and forecasts.

Commencing on July 18, 2005, WellChoice management made presentations to the advisors of the Fund, including its financial advisors and representatives of New York State, who began their due diligence on WellChoice in order to assess its value.

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On July 19, 2005, the WellPoint board of directors held a special telephonic meeting during which management updated the board as to the terms and financial aspects of the proposed transaction, the status of negotiations with WellChoice, the status of the due diligence review process and on-going steps for the proposed transaction. Representatives of WellPoint's legal counsel advised the WellPoint board of directors regarding the legal issues presented by the transaction and also reviewed the fiduciary duties of the directors in connection with the proposed transaction. WellPoint's board of directors authorized its management to make an offer to acquire WellChoice. Later that day, WellPoint delivered its proposal for the transaction to WellChoice, consisting of a payment of \$72 per share, with 50% payable in cash and 50% payable in WellPoint stock at a fixed exchange ratio, based on the closing price of WellChoice's and WellPoint's stock on the trading day immediately preceding the public announcement of the transaction.

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The WellChoice board of directors considered this offer at its meeting on July 20, 2005 and was assisted in its evaluation of the offer by materials presented by Lazard Frères. The board rejected the offer, but authorized management to continue discussions with WellPoint.

On July 22, 2005, WellChoice and its representatives met with the Fund and its representatives and advisors to explain the proposal. Following such meeting, WellPoint had further discussions with WellChoice regarding WellPoint's interest in retaining Dr. Stocker as part of the transaction.

On July 26, 2005, WellChoice requested that WellPoint provide its best price by July 28, 2005, in anticipation of WellChoice's board meeting on August 2, 2005.

On July 28, 2005, WellPoint reiterated its July 19, 2005 proposal to WellChoice. On the same day, a meeting took place in Albany, New York between WellPoint, WellChoice and representatives and advisors of the Fund, including representatives of New York State, regarding the transaction (though discussions regarding price did not take place). On July 28, 2005, White & Case, LLP, WellPoint's legal advisor, distributed initial drafts of the merger agreement and the voting agreement to Gibson, Dunn & Crutcher LLP, WellChoice's legal advisor.

From July 28, 2005 to August 4, 2005, WellPoint, WellChoice, the Fund and their respective legal advisors had extensive negotiations in meetings and conversations regarding the terms of the draft merger agreement and the draft voting agreement.

On July 30, 2005, negotiations took place among advisors to WellChoice, WellPoint and the Fund related to price. On July 31, 2005, WellChoice indicated to WellPoint that WellPoint's July 19, 2005 proposal was insufficient for WellChoice to proceed with the transaction, but invited Mr. Glasscock to attend WellChoice's August 2, 2005 board meeting.

On August 2, 2005, WellPoint's board of directors held a special telephonic meeting to discuss the status of the negotiations between WellPoint and WellChoice at which senior management of WellPoint provided updates to its board of directors regarding the terms and financial aspects of the proposed transaction, the status of negotiations with WellPoint, the status of the on-going due diligence review process and on-going steps for the proposed transaction.

Also on August 2, 2005, the WellChoice Pricing Committee met to discuss the status of the negotiations between WellChoice and WellPoint. Later that day, at the regular meeting of WellChoice's entire board of directors, Mr. Glasscock accompanied by Angela Braly, WellPoint's Executive Vice President, General Counsel and Chief Public Affairs Officer, David Colby, WellPoint's Executive Vice President and Chief Financial Officer, and a representative of its financial advisor, made a presentation regarding the transaction. During this meeting, WellPoint increased its offer to \$73 per share, with 50% payable in cash and 50% payable in WellPoint stock at a fixed exchange ratio, based on the closing price of WellChoice's and WellPoint's stock on the trading day immediately preceding the public announcement of the transaction. WellPoint informed WellChoice that such offer would expire on August 9, 2005. At such meeting, representatives of WellChoice's legal counsel made presentations to the board of directors regarding the fiduciary duties of the directors in connection with the transaction and on the terms of the merger agreement.

This proposal was considered at a special meeting of the WellChoice board on August 4, 2005, at which Lazard Frères made an oral presentation with regards to the WellPoint offer. The board unanimously approved the increased merger consideration of \$73 per share and the other terms and conditions of the merger, subject to the successful negotiation of the outstanding terms of the merger agreement and the voting agreement.



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Representatives of WellChoice's legal counsel again reviewed the board's fiduciary duties and made an extensive presentation to the board of directors regarding the terms of the merger agreement.

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On August 7, 2005, WellChoice management conducted a due diligence conference with the Fund. On August 8, 2005, Mr. Glasscock, Ms. Braly, Mr. Factor (Chairman of the board of directors of the Fund), and representatives of WellPoint's financial advisors met in South Carolina to discuss the transaction. Later that day, Mr. Glasscock and Ms. Braly traveled to Albany to meet with a representative of New York State on behalf of the Fund.

On August 9, 2005, at a special telephonic meeting, senior management of WellPoint and WellPoint's financial and legal advisors provided WellPoint's board of directors with an update of the status of the proposed transaction and the negotiations with WellChoice and the Fund. Later on August 9, 2005, the Fund rejected the offer approved by the WellChoice board on August 4, 2005, at which point, WellPoint formally withdrew its offer and terminated merger discussions with WellChoice.

On August 10, 2005 the Fund sent a letter to WellChoice, which included a letter from representatives of New York State to the Fund, setting forth the price and other conditions to a merger between WellChoice and WellPoint that the Fund would be able to support.

During the month following receipt of the Fund's August 10, 2005 letter, informal conversations among WellChoice, WellPoint, the Fund and their respective financial and legal advisors took place regarding the possibility of resuming discussions.

At a meeting of the WellChoice board of directors held on September 12, 2005, the board of directors discussed recent developments, which had positively affected the earnings outlook of WellChoice and which could positively impact WellChoice's results. Lazard Frères was instructed to contact WellPoint's financial advisor to discuss the new financial projections for WellChoice, and following that contact, several due diligence discussions took place.

Over the next several days, additional discussions among WellChoice, WellPoint and their respective financial advisors took place regarding such recent developments and the effects of such recent developments on the earnings outlook of WellChoice.

On September 19, 2005, WellPoint's board of directors held a special telephonic meeting at which WellPoint's senior management and financial and legal advisors updated the WellPoint board of directors regarding the status and financial aspects of the proposed transaction with WellChoice, the strategic reasons for the proposed transaction, the status of WellPoint's ongoing due diligence review of WellChoice and the status of the documents being negotiated in connection with the proposed transaction.

During the evening of September 19, 2005, WellPoint made a new offer to WellChoice of \$75 per share, again with 50% payable in cash and 50% payable in WellPoint stock at a fixed exchange ratio, based on the closing price of WellChoice's and WellPoint's stock on the trading day immediately preceding the public announcement of the transaction. On September 20, 2005, financial and legal representatives and advisors of WellPoint, WellChoice and the Fund met at the offices of the Fund's financial advisor to discuss certain contractual issues with respect to the merger agreement and the voting agreement and financial aspects of the proposed transaction.

The WellChoice Pricing Committee held a special meeting during the evening of September 20, 2005 to discuss the offer. On September 21, 2005, the WellChoice Pricing Committee held another special meeting to continue their discussions from the previous day and recommended that the full board authorize the pursuit of joint negotiations with the Fund. At the regular meeting of the WellChoice board the same day, a resolution was passed which tracked the recommendation of the Pricing Committee.

On September 22, 2005, the board of directors of WellPoint held a special telephonic meeting and received an update from management and WellPoint's financial advisor on the transaction and discussed the status of the various agreements to be executed in connection with the transaction and the financial aspects of the transaction. Later that day, WellChoice, WellPoint, the Fund and their respective representatives and advisors held a meeting

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to discuss the transaction. During this meeting, WellPoint increased its offer to \$76 per share, again with 50% payable in cash and 50% payable in WellPoint stock at a fixed exchange ratio, based on the closing price of WellPoint's stock on the trading day immediately preceding the public announcement of the transaction. The Fund, however, rejected this offer and the meeting ended.

Between September 22 and September 25, 2005, a series of discussions took place among WellPoint, WellChoice, the Fund and their respective representatives and advisors in an attempt to agree on an acceptable price and resolve the remaining issues in the merger agreement and the voting agreement. In connection with such discussions, on the evening of September 23, 2005, a representative of the Fund contacted Mr. Glasscock and requested that WellPoint increase its offer to a price equal to \$38.25 payable in cash and 0.5226 shares of WellPoint stock, which, based on the closing price of WellPoint stock on September 23, 2005, equaled \$77.30 per WellChoice share. This counter-proposal was refused by WellPoint. However, on September 24, 2004, Mr. Glasscock contacted Dr. Stocker and representatives of the Fund to inform them that WellPoint would increase its offer to a price equal to \$38 payable in cash and 0.5191 shares of WellPoint stock, which, based on the closing price of WellPoint stock on September 23, 2005, equaled \$76.80 per WellChoice share.

At a September 25, 2005 meeting of the WellChoice board, WellPoint's increased offer was approved, subject to certain conditions. In connection with the deliberation by the WellChoice board of directors, Lazard Frères rendered to the WellChoice board its oral opinion (subsequently affirmed in writing on September 27, 2005), as described under "Opinion of the WellChoice Financial Advisor Lazard Frères & Co. LLC," that, as of the date of its opinion and based upon and subject to the factors, assumptions, procedures, limitations and qualifications set forth in its written opinion and other factors Lazard Frères considered relevant, the merger consideration is fair from a financial point of view to the holders of shares of WellChoice common stock (other than the holders of Excluded Shares (as defined in "Opinion of the WellChoice Financial Advisor Lazard Frères & Co. LLC") and the holder of Class B common stock).

Later on the same day, the Fund indicated that it would reject the increased price that had been offered by WellPoint.

Later on the evening of September 25, 2005, the WellPoint board of directors held a special telephonic meeting. Ms. Braly reviewed in detail with the WellPoint board of directors information regarding the proposed transaction, including a comprehensive overview of the terms of the merger agreement and the voting agreement, copies of which had been distributed to the board prior to such meeting, and representatives of White & Case, LLP, WellPoint's legal advisor, again reviewed the fiduciary duties of the directors in connection with the proposed transaction. At such meeting, Mr. Glasscock and Mr. Colby and representatives of Goldman, Sachs & Co. (which is referred to in this proxy statement/prospectus as Goldman Sachs), WellPoint's financial advisor, reviewed in detail the business, financial condition and prospects of WellChoice and the financial aspects of the proposed transaction. Following extensive discussion among WellPoint's board of directors and WellPoint's management concerning the transaction, the board of directors of WellPoint authorized an increase to the offer price for WellChoice and unanimously approved the merger agreement, the voting agreement and the transactions contemplated by the merger agreement and the voting agreement, subject to resolution of the remaining issues in such agreements and based on the financial parameters presented to WellPoint's board of directors.

After this meeting, Mr. Glasscock called Dr. Stocker to inform him that WellPoint would increase its offer to a price equal to \$38.25 payable in cash and 0.5191 shares of WellPoint stock which, based on the closing price of WellPoint stock on September 23, 2005, equaled \$77.05 per WellChoice share. Dr. Stocker informed Mr. Glasscock that the Fund would be meeting the next morning to consider the offer.

On September 26, 2005, the Fund approved WellPoint's increased offer subject to the resolution of certain outstanding issues in the merger agreement and the voting agreement. On September 26, 2005, WellPoint, WellChoice, the Fund and their respective legal advisors met at the offices of Sidley Austin Brown & Wood LLP, the Fund's legal advisor, to resolve the remaining issues in the merger agreement and the voting agreement. At such meeting all but one of the remaining issues were resolved.



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The WellPoint board of directors also held a special telephonic meeting during the evening of September 26, 2005 at which Mr. Glasscock, WellPoint's senior management and financial advisor provided an update to the ongoing negotiations with the Fund. Ms. Braly provided WellPoint's board of directors with an update of how the final issues were resolved with the Fund. At such meeting, Mr. Colby and representatives of Goldman Sachs again consulted with the board regarding the financial aspects of the transaction. At the conclusion of this meeting, the WellPoint board of directors reaffirmed the authorized offer price of \$38.25 payable in cash and 0.5191 shares of WellPoint stock, which, based on the closing price of WellPoint stock on September 26, 2005, equaled \$77.23 per WellChoice share, and reaffirmed its approval of the merger agreement, the voting agreement and the transactions contemplated by the merger agreement and the voting agreement.

On the morning of September 27, 2005, the Fund, WellChoice and WellPoint resolved the one remaining issue. WellChoice and WellPoint executed the merger agreement and the Fund and WellPoint executed the voting agreement, and WellPoint and WellChoice issued a joint press release publicly announcing the transaction.

### **WellPoint's Reasons for the Merger**

In approving the merger and the merger agreement, the WellPoint board of directors considered a number of factors, including, among others, the factors discussed in the following paragraphs. Although the following discussion sets forth the material factors considered by the WellPoint board of directors in reaching its decision, it may not include all of the factors considered by the WellPoint board of directors. In light of the number and wide variety of factors considered in connection with its evaluation of the merger, the WellPoint board of directors did not consider it practicable to, and did not attempt to, quantify or otherwise assign relative weights to the specific factors it considered in reaching its decision. In addition, individual directors may have given different weight to different information and factors. This explanation of WellPoint's reasons for the merger and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled "CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS" beginning on page 37 of this proxy statement/prospectus.

In reaching its decision, the WellPoint board of directors consulted with WellPoint management with respect to strategic and operational matters. The WellPoint board also consulted with legal counsel with respect to the merger agreement, the voting agreement with the Fund and the transactions contemplated thereby, and related issues. The WellPoint board of directors also consulted with Goldman Sachs, WellPoint's financial advisor with respect to the financial aspects of the transaction. The WellPoint board of directors discussed the factors described below, asked questions of WellPoint's management and WellPoint's legal counsel and financial advisor, and reached a general consensus that the merger was advisable and in the best interests of WellPoint and its shareholders. In reaching its conclusion to approve the merger agreement, the voting agreement and the transactions contemplated thereby, the WellPoint board carefully considered a number of factors, including the following positive factors that it believes will contribute to the success of the combined enterprise:

*Benefits for customers.* The WellPoint board of directors observed that the merger will result in: (1) broader customer access to a stronger and more diverse network of hospitals, doctors and other care providers; (2) the potential to leverage WellPoint's expertise and investment in technology to improve the delivery of health care services to the people currently served by WellChoice; (3) the application of more consumer-oriented offerings and service capabilities that align with the rapidly developing confluence of health and financial services; (4) quality enhancements and efficiency gains for hospitals, physicians and other health professionals; (5) an opportunity to offer a significantly expanded and integrated nationwide health care network based upon the strength of WellChoice's care provider network in the Eastern United States particularly New York, which complements WellPoint's position; and (6) cross-selling opportunities for specialty products and services from WellPoint such as consumer health information, specialty networks, and ancillary care to existing WellChoice customers.

*Benefits for WellPoint shareholders.* In determining that the merger would result in benefits to WellPoint's shareholders, the WellPoint board of directors considered: (1) WellChoice's financial strength and strong cash



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flow from operations; (2) the experience and strength of WellChoice's management team; (3) the long-term opportunities to introduce WellPoint's sales and product capabilities in specialty products and pharmacy benefit management to WellChoice's customer base and markets; (4) WellPoint's commitment to transactions that provide long-term value for shareholders; and (5) the merger consideration to be paid in the merger is consistent with recent comparable transactions in the health benefits industry.

*Strategic combination.* The WellPoint board of directors considered the strategic importance of the merger in that:

it is consistent with WellPoint's previously announced strategy of combining with other for-profit licensees of the Blue Cross Blue Shield Association;

it provides WellPoint with an immediate material competitive position in New York. WellPoint has previously targeted this region as a key priority for its national expansion efforts and WellChoice's operations in New York will significantly further this strategy;

it would significantly enhance WellPoint's competitive position in the Northeast, especially when combined with the former WellChoice business; and

it would allow for the introduction of new products and services for senior and state sponsored businesses, as well as significant long-term opportunities for specialty products and pharmacy benefit management.

*Synergies.* The WellPoint board of directors observed that the synergies expected from the merger should result in expense savings and revenue enhancements. The WellPoint board of directors took into account the fact that the parties expect at least \$25 million of pre-tax synergies in 2006, \$50 million in 2007, and at least \$125 million fully realized synergies annually by 2010. In addition, the WellPoint board of directors observed that the merger creates the ability to apply WellPoint's company-wide investments to the New York market, such as marketing, product development, IT informatics, e-business and health management.

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

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

*Effect on earnings per share.* The WellPoint board of directors noted WellPoint management's view that, assuming the projected synergies are realized, the merger is expected to be essentially neutral to WellPoint's 2006 earnings per share and is expected to be accretive to earnings in 2007 by about \$0.05, or 1%, increasing every year thereafter. In addition, realizing such synergies should allow WellPoint to continue its strategy of generating at least 15% earnings per share growth annually for its shareholders.



*Financing.* The WellPoint board of directors considered WellPoint's ability to borrow and repay the funds needed for the cash portion of the merger consideration and for transaction costs, on both a short and long-term basis. The WellPoint board of directors reviewed possible funding needs for potential future transactions,

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including WellPoint's share repurchase program. The WellPoint board of directors also noted the likely impact of a borrowing on WellPoint's financial strength and credit ratings.

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

*Tax treatment.* The WellPoint board of directors considered that the intended treatment of the merger would be as a reorganization within the meaning of Section 368(a) of the Code and noted that, if legal opinions to such effect were not received, WellPoint had the right to exercise the reverse merger election.

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

*Management expertise.* The WellPoint board of directors considered that upon completion of the merger, WellChoice's President and Chief Executive Officer, Dr. Michael Stocker, would become an executive officer of WellPoint and that other senior managers of WellChoice will continue in various capacities with WellPoint after the merger.

The WellPoint board of directors also considered the structure of the transaction and the terms of the merger agreement and related documents, including:

the consideration to be paid to WellChoice's stockholders;

the representations and warranties of WellChoice;

the covenants of WellPoint and WellChoice;

the conditions required to be satisfied or waived, if permissible, prior to completion of the merger;

the rights of WellPoint or WellChoice to terminate the merger agreement in certain circumstances;

the terms relating to third party offers, including the (1) limitations on the ability of WellChoice to solicit offers for competing business combination proposals, (2) requirement that WellChoice's stockholders vote on the adoption of the merger agreement even if the WellChoice board of directors changes or withdraws its recommendation of the merger and (3) ability to receive a termination fee if the merger agreement is terminated under certain circumstances; and

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the Fund's obligation, subject to certain exceptions, to vote in favor of the merger and the Fund's limited obligation to vote against any Alternative Transaction involving WellChoice.

The WellPoint board of directors also identified and considered a number of uncertainties and risks. Those negative factors included:

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

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

the possibility that the regulatory approval process and effects might adversely affect the ability of WellPoint to meet its existing business performance targets;

the adverse effects that the challenges, costs, resource constraints and risks of integrating the businesses of WellPoint and WellChoice and the potential management, customer, supplier, provider, partner and employee disruption that may be associated with the merger might have on the ability of WellPoint to meet its existing business performance targets;

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

the possibility of encountering difficulties in achieving cross-selling opportunities or other long-term opportunities for specialty products or services or pharmacy benefit management to WellChoice's customer base;

the possible inability to immediately capitalize on growth opportunities and associated synergies in the specialty products or services or pharmacy benefit management businesses as certain of WellChoice's specialty businesses are outsourced under medium-term contracts; and

various other applicable risks associated with WellPoint and the merger, including those described under the section entitled "RISK FACTORS" beginning on page 23 of this proxy statement/prospectus.

The WellPoint board of directors weighed the benefits, advantages and opportunities against the negative factors described above, including challenges inherent in the combination of two businesses of the size of WellPoint and WellChoice and the possible resulting diversion of management attention for an extended period of time. The WellPoint board of directors realized that there can be no assurance about future results, including results expected or considered in the factors listed above. However, the WellPoint board of directors concluded that the potential benefits outweighed the potential risks of consummating the merger.

After taking into account these and other factors, the board unanimously determined that the merger, the merger agreement, the voting agreement and the other transactions contemplated thereby were advisable and in the best interests of WellPoint and its shareholders, and approved the merger agreement, the voting agreement and the transactions contemplated thereby, including the merger.

**At a special meeting held on September 26, 2005, after due consideration with financial and legal advisors, the WellPoint board of directors unanimously approved the merger agreement.**

### **WellChoice's Reasons for the Merger; Recommendation of WellChoice's Board of Directors**

In deciding to approve the merger agreement and to recommend approval of the merger to WellChoice's stockholders, the WellChoice board of directors considered a number of factors, including the factors listed below. In view of the number and wide variety of factors considered in connection with its evaluation of the merger, the WellChoice board of directors did not attempt to quantify or otherwise assign relative weights to the specific factors it considered in reaching its determination, and individual directors may have given different weight to different information and factors. The WellChoice board of directors viewed its approval and recommendation as being based on the totality of the information and factors presented to and considered by it. In reaching its decision, the WellChoice board of directors consulted with WellChoice management with respect to strategic and operational matters. The WellChoice board of directors also consulted with Lazard Frères with respect to the financial aspects of the transaction. Additionally, the WellChoice board of directors consulted WellChoice's legal advisors with respect to the merger agreement and related issues.

*Strategic alternatives.* The WellChoice board of directors believes that the value to be received by WellChoice stockholders in the merger is greater than that available in WellChoice remaining as an independent entity currently and for the foreseeable future. In the beginning of 2005, prior to the initiation of discussions with WellPoint, WellChoice considered its long-term prospects, including its long-term financial plan, as a stand-alone company as well as various strategic opportunities. These included niche acquisitions to gain capabilities (such as additional

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capabilities in the consumer directed health marketplace), strategic acquisitions of other health insurers, stock repurchases and the sale of the company (to companies in the financial services industry or to another health insurer). WellChoice's board of directors considered the impact to the company and its stockholders of remaining as a stand-alone entity and determined that a sale of the company to WellPoint at a significant premium to the then current market price of WellChoice's common stock would be a better alternative. As a part of its analysis, the WellChoice board of directors also considered the impact of the

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proposed new national best efforts rule that the Blue Cross Blue Shield Association was expected to adopt in June 2005. This rule, as adopted on June 16, 2005, limits the amount of non-Blue branded business in which a licensee of the Blue Cross and/or Blue Shield marks may engage. WellChoice's board of directors specifically noted that this new rule would impact WellChoice's ability to grow by acquisition if it desired to retain the Blue Cross and Blue Shield names and marks. In addition, the Blue Cross Blue Shield Association increased the reestablishment fee that a Blue plan must pay to the Association in the event its license agreement with the Association is terminated (with limited exceptions) from \$25 per member to \$80 per member for 2005.

*Financial terms of the merger.* The WellChoice board of directors believes that the per share merger consideration is fair to the stockholders based upon WellChoice's current financial condition and future prospects, as well as the current financial condition and future prospects of WellPoint and the board's perception of the future prospects of the combined organization. In arriving at this conclusion, the board of directors, together with WellChoice's senior management and legal and financial advisors, evaluated the strategic alternatives available to WellChoice. The WellChoice board of directors also took into account the expectation that the merger should result in economies of scale and cost savings and efficiencies for the combined organization. In addition, the WellChoice board of directors recognized that the merger consideration represents a premium over the historical average trading price of WellChoice common stock during recent periods, which were already at all-time highs, and that the earnings per share trading multiples for the managed care index of publicly traded companies were at peak levels. The WellChoice board of directors also determined that the merger consideration fairly valued the cash on WellChoice's balance sheet. In this regard, the WellChoice board of directors considered the information presented by, and the opinion of, Lazard Frères, WellChoice's financial advisor. See **THE MERGER Opinion of the WellChoice Financial Advisor Lazard Frères & Co. LLC.**

The WellChoice board also considered the form of the merger consideration to be received in the merger by the holders of WellChoice common stock. The WellChoice board of directors considered the certainty of the value of the cash component of the merger consideration as well as the ability of holders of WellChoice common stock to become holders of WellPoint common stock and participate in the future prospects of the combined businesses of WellPoint and WellChoice.

*Changes and consolidation in the health benefits industry.* The WellChoice board of directors considered the current environment of the health benefits industry, including the regulatory uncertainty related to managed care generally, and the trends toward consolidation in the industry in order to obtain the advantage of scale in developing and delivering products in a cost-effective manner. The WellChoice board of directors noted that the health benefits industry is increasingly competitive and, to be successful over the long-term, WellChoice needed to be strategically positioned to provide its members with access to a wide range of health benefits products and services that are competitively priced and locally delivered. In particular, the WellChoice board of directors considered the competition resulting from the Oxford Health Plans-UnitedHealth Group Incorporated merger and increasing competition for national account business from UnitedHealth Group Incorporated and Aetna, Inc. Although the continued viability of WellChoice as an independent company was not questioned, the WellChoice board of directors considered the likelihood that the combined company would be better positioned to address changes in the health care industry, to meet competitive pressures and to develop and deliver new products and value to current and potential customers.

*Terms of the merger agreement and voting agreement.* The WellChoice board of directors considered the terms of the merger agreement, including the nature and scope of the closing conditions and the potential for incurring a termination fee in the event of a termination of the merger agreement under certain circumstances, and the fact that the termination fee and other provisions of the merger agreement might discourage third parties from seeking to acquire WellChoice and otherwise increase the cost of such an acquisition. The board took into account that the terms of the termination fee were the subject of negotiations between the parties and that the fee would generally be payable only in the event that the merger agreement is terminated in conjunction with the receipt by WellChoice of a superior acquisition proposal from a third party. The WellChoice board of directors also considered the terms of the voting agreement between the Fund and WellPoint that might also have the effect of discouraging third parties from seeking to acquire WellChoice.

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*WellPoint's financial condition, prospects and industry reputation.* The WellChoice board of directors considered the financial condition and prospects of WellPoint, the results of WellChoice's due diligence review of WellPoint, WellPoint's access to capital and WellPoint's interest in increasing the quality and number of products offered to subscribers. The WellChoice board of directors also took into consideration WellPoint's reputation in the health care industry and the breadth of WellPoint's operations. In particular, the WellChoice board of directors noted that WellPoint operated in 13 states on a Blue-branded basis, ensuring that they do not have to rely on other Blue networks in those areas. Conversely, WellChoice mainly operates in New York but has access to many Fortune 500 companies with principal offices in New York City. The WellChoice board considered WellPoint's large service area and provider network as an excellent complement to WellChoice strengths. Additionally, the WellChoice board of directors considered the integration progress made in the merger of Anthem, Inc. and WellPoint Health Networks Inc. and determined that such integration was sufficiently advanced to proceed with this transaction.

*Opinion of WellChoice's financial advisor.* The WellChoice board of directors considered the opinion, dated September 27, 2005, to the WellChoice board of directors of WellChoice's financial advisor, Lazard Frères, to the effect that, as of the date of the opinion and based on and subject to the assumptions made, procedures followed, matters considered and limitations on the review undertaken described in its written opinion, the merger consideration was fair, from a financial point of view, to the holders of WellChoice common stock, as described below beginning on page 57 of this proxy statement/prospectus.

*Continuation of Blue Cross and Blue Shield affiliation.* The WellChoice board of directors considered that WellChoice's long tradition as a Blue Cross and Blue Shield licensee would continue following the merger with WellPoint.

*Closing and integration risks.* The WellChoice board of directors noted that the combination of WellChoice and WellPoint presented manageable execution risk in view of the similar business lines and corporate cultures and values of the two companies. In particular, both companies focus on consumer directed health products and other similar innovations. In addition, as members of the Blue Cross Blue Shield Association, WellChoice and WellPoint have worked together on many Blue Cross Blue Shield Association projects over the years and share similar operating philosophies, which the WellChoice board of directors believed would increase the likelihood of a smooth integration process. The WellChoice board of directors also took into account the likelihood that the merger would be approved by the appropriate regulatory authorities.

The WellChoice board of directors weighed the foregoing advantages and opportunities against the challenges inherent in the combination of two significant business enterprises operating in a highly-regulated industry. The WellChoice board of directors realizes that there can be no assurance about future results, including results expected or considered in the factors listed above, such as assumptions regarding long-term value, competitive and financial strength, potential revenue enhancements, synergies and anticipated cost savings. However, the WellChoice board of directors concluded that the potential positive factors outweighed the potential risks of completing the merger. This explanation of the WellChoice board of directors' reasons for the merger and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed under the heading **CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS** beginning on page 37 of this proxy statement/prospectus. The WellChoice board of directors also considered the fact that some members of the board of directors and of WellChoice management may have interests in the merger that are different from those of WellChoice stockholders generally. See **THE MERGER - WellChoice's Directors and Officers Have Financial Interests in the Merger** beginning on page 71 of this proxy statement/prospectus.

**At a meeting held on September 25, 2005, after due consideration and consultation with its financial and legal advisors, the WellChoice board of directors unanimously determined that the merger agreement and the transactions contemplated thereby are advisable, fair to and in the best interests of WellChoice and its stockholders. The WellChoice board of directors unanimously adopted the merger agreement and unanimously recommends that WellChoice stockholders vote to adopt the merger agreement.**





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**Opinion of the WellChoice Financial Advisor Lazard Frères & Co. LLC**

Under an engagement letter dated August 6, 2004, WellChoice engaged Lazard Frères to, among other things, render an opinion to the WellChoice board of directors that, as of the date of the opinion, the \$38.25 in cash and 0.5191 shares of WellPoint common stock (which is referred to in this proxy statement/prospectus, collectively, as the merger consideration) to be issued to the holders of WellChoice common stock in the merger was fair from a financial point of view to the holders of WellChoice common stock (other than the holders of (i) shares held in treasury by WellChoice, (ii) shares owned by WellPoint or WellPoint Holding Corp., (iii) Dissenting Shares (as defined in the merger agreement) and (iv) shares held by any subsidiary of WellPoint ((i), (ii), (iii) and (iv), collectively, the Excluded Shares ) and other than the holder of the Class B common stock). At a meeting of the WellChoice board of directors held on September 25, 2005, Lazard Frères rendered its oral opinion, subsequently confirmed in a written opinion dated September 27, 2005, that, as of September 27, 2005 and based upon and subject to the matters reviewed with the WellChoice board of directors and set forth in Lazard Frères written opinion, the merger consideration was fair from a financial point of view to the holders of WellChoice common stock (other than the holders of Excluded Shares and the holder of the Class B common stock).

This description of Lazard Frères opinion is qualified in its entirety by reference to the full text of the opinion, which is set forth in Appendix C to this proxy statement/prospectus. **Holders of WellChoice common stock are urged to read the Lazard Frères opinion in its entirety for a description of the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by Lazard Frères in connection with rendering its opinion.**

Lazard Frères engagement and its opinion is directed to (and for the benefit of) the WellChoice board of directors in connection with its consideration of the merger. The Lazard Frères opinion addresses only the fairness of the merger consideration to the holders of WellChoice common stock (other than the holders of Excluded Shares and the holder of the Class B common stock) from a financial point of view as of the date of the opinion. The Lazard Frères opinion does not address the merits of the underlying decision by WellChoice to engage in the merger, or the relative merits of the merger as compared to other business strategies that might be available to WellChoice. Lazard Frères expresses no opinion or recommendation as to how the WellChoice shareholders should vote with respect to the merger or any matter relating to the merger.

The Lazard Frères opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information made available to Lazard Frères as of, the date of the opinion. It should be understood that subsequent developments may affect the conclusion expressed in the Lazard Frères opinion and that Lazard Frères assumes no responsibility for advising any person of any change in any matter affecting the Lazard Frères opinion or for updating or revising the Lazard Frères opinion based on circumstances or events occurring after the date of the opinion. In rendering its opinion, Lazard Frères was not authorized to solicit, and did not solicit, third-party indications of interest in acquiring all or a part of WellChoice or engaging in a business combination or any other strategic transaction with WellChoice.

In the course of performing its review and analyses in rendering its opinion, Lazard Frères:

reviewed the financial terms and conditions of the merger agreement;

analyzed certain publicly available financial statements and historical business information relating to WellChoice and WellPoint, respectively;

reviewed various internal financial forecasts and other data prepared by the management of WellChoice with respect to the businesses and prospects of WellChoice and the strategic objectives of WellChoice, and reviewed various publicly available financial analyst

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forecasts with respect to the business and prospects of each of WellChoice and WellPoint;

held discussions with members of the senior managements of WellChoice and WellPoint with respect to the businesses and prospects of WellChoice and WellPoint, respectively, the strategic objectives of each, and the benefits that might be realized following the merger;

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reviewed public information with respect to certain other companies in lines of businesses that Lazard Frères believed to be generally comparable to the businesses of WellChoice and WellPoint;

reviewed the financial terms, to the extent publicly available, of certain business combinations involving companies in lines of businesses that Lazard Frères believed to be generally comparable to those of WellChoice and WellPoint;

reviewed the historical stock prices and trading volumes of WellChoice common stock and WellPoint common stock; and

conducted such other financial studies, analyses and investigations as Lazard Frères deemed appropriate.

Lazard Frères relied upon the accuracy and completeness of the foregoing information, and did not assume any responsibility for and did not conduct any independent verification of this information. In addition, Lazard Frères did not conduct any independent valuation or appraisal of the assets or liabilities of WellChoice or WellPoint or any of their respective subsidiaries, or concerning the solvency or fair value of WellChoice or WellPoint or any of their respective subsidiaries, and Lazard Frères was not provided with any such valuation or appraisal. With respect to financial forecasts, Lazard Frères assumed that such forecasts were reasonably prepared on bases reflecting the best currently available estimates and judgments of WellChoice's management as to the future financial performance of WellChoice. Although Lazard Frères requested internal financial forecasts from WellPoint, WellPoint did not provide any forecasts to Lazard Frères. Instead, WellPoint indicated that financial analyst forecasts are a reasonable basis upon which to evaluate the business and financial prospects of WellPoint, and, with WellChoice's permission, Lazard Frères used such forecasts for purposes of its analyses and its opinion. Lazard Frères assumes no responsibility for, and expresses no view as to, any such forecasts and projections or the assumptions on which they are based.

In rendering its opinion, Lazard Frères assumed that the merger would be consummated on the terms described in the merger agreement, including, among other things, that the merger would be treated as a plan of reorganization within the meaning of Sections 354 and 361 of the Internal Revenue Code, without any waiver of any material terms or conditions in the merger agreement. Lazard Frères also assumed that obtaining the necessary regulatory and third-party approvals for the merger would not have an adverse effect on WellChoice, WellPoint or the combined company or the contemplated benefits of the consummation of the merger. The Lazard Frères opinion did not express any opinion as to any tax or other consequences that might result from the merger, nor did the opinion address any legal, tax, regulatory or accounting matters, as to which Lazard Frères understood that WellChoice had obtained such advice as it deemed necessary from qualified professionals.

Lazard Frères did not express any opinion as to the price at which shares of WellChoice common stock or shares of WellPoint common stock may trade after the announcement of the merger or as to the price at which shares of WellPoint common stock may trade after the consummation of the merger.

The following is a summary of the material financial and comparative analyses that Lazard Frères deemed to be appropriate for this type of transaction and that were performed by Lazard Frères in connection with rendering its opinion. The summary of Lazard Frères' analyses described below is not a complete description of the analyses underlying Lazard Frères' opinion. The preparation of a fairness opinion is a complex analytical process involving various determinations as to the most appropriate and relevant methods of financial analyses and the application of those methods to the particular circumstances, and, therefore, is not readily susceptible to summary description. In arriving at its opinion, Lazard Frères considered the results of all the analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, Lazard Frères made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of the analyses.

No company, transaction or business used in Lazard Frères' analyses as a comparison is identical to WellChoice or WellPoint or the merger, and an evaluation of the results of those analyses is not entirely



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mathematical. Rather, the analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the acquisition, public trading or other values of the companies, business segments or transactions analyzed. The estimates contained in Lazard Frères analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than those suggested by the analyses. In addition, analyses relating to the value of businesses or securities do not purport to be appraisals or to reflect the prices at which businesses or securities actually may be sold. Accordingly, the estimates used in, and the results derived from, Lazard Frères analyses are inherently subject to substantial uncertainty.

The financial analyses summarized below include information presented in tabular format. **In order to understand fully Lazard Frères financial analyses, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of Lazard Frères financial analyses.**

**Summary of Valuation Analyses of WellChoice**

In the course of performing its review in rendering its opinion, Lazard Frères performed various financial and valuation analyses with respect to WellChoice. Each of the analyses and resulting indicative value ranges calculated by Lazard Frères are detailed in the following pages. Set forth in the table immediately below is a summary of the indicative value ranges calculated by Lazard Frères as a result of the respective analyses performed.

**Valuation Summary**

<b>Valuation Method</b>	<b>Range of Implied WellChoice Equity Value Per Share</b>	
	<b>Low</b>	<b>High</b>
Discounted Cash Flow Analysis	\$54	\$86
Price Implied by 2005 Earnings (Implied Equity Value Analysis)	\$55	\$71
Present Value of Future Stock Price Implied by Historical and Current Price to Earnings Ratios Based on 2008 Earnings (Discounted Equity Value Analysis):		
WellChoice (assuming no buyback of shares)	\$59	\$76
WellChoice (assuming buyback of shares)	\$67	\$86
Comparable public company analysis	\$54	\$76
Precedent transaction analysis		
Implied by price-to-earnings ratios	\$58	\$79
Implied by price-to-earnings ratios as a multiple of projected long-term earnings-per-share growth rate	\$44	\$70
Transaction Value per Member in Precedent Transactions	\$69	\$75

**Description of Valuation Analysis of WellChoice**

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*Discounted Cash Flow Analysis.* Using projections for 2006 to 2008 provided by WellChoice's management, Lazard Frères performed an analysis of the net present value of projected operating free cash flows (excluding non-operating cash flows from investment income on WellChoice's estimated available cash balance) for 2006 to 2008 plus a range of terminal values by applying discount rates ranging from 9% to 11% and assuming a perpetual growth rate range of 2% to 4%. The assumed discount rate range was derived from the weighted average cost of capital analysis that Lazard Frères calculated for WellChoice and the managed care

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company peers, while the range of perpetual growth rates was derived from an analysis of implied perpetuity growth rates for managed care company peers based on forecasted performance for the respective businesses. The discounted cash flow value of WellChoice included the per share value of its tax shield of approximately \$1.50 per share and the per share value of WellChoice's cash of approximately \$10 per share based on an assumed available cash balance at WellChoice of \$850 million. Based on this analysis, Lazard Frères arrived at a reference equity value range for WellChoice of approximately \$54 to \$86 per share.

*Price Implied by 2005 Earnings (Implied Equity Value Analysis).* Lazard Frères performed an analysis of the implied present value per share of WellChoice common stock on a stand-alone basis based on a detailed study of current and historical managed care price-earnings multiples over a five year historical look back period as applied to the projected fiscal year 2005 estimates provided by WellChoice. To calculate the implied equity value, Lazard Frères multiplied the 2005 WellChoice internal diluted earnings per share forecast by the range of historical managed care forward price-earnings multiples of 16.0x-18.0x derived from Lazard Frères' study of the historical forward price-earnings multiples over time in the managed care sector. This analysis resulted in an implied valuation range for WellChoice of \$55 to \$62 per share. Lazard Frères also multiplied the 2005 WellChoice internal diluted earnings per share forecast by the WellChoice price-earnings multiple as of September 26, 2005 of 20.6x, resulting in an implied valuation for WellChoice of up to \$71 per share. Based on the aforementioned projections and assumptions, Lazard Frères derived an implied valuation range for WellChoice common stock of \$55 to \$71 per share.

*Present Value of Future Stock Price Implied by Historical and Current Price to Earnings Ratios Based on 2008 Earnings (Discounted Equity Value Analysis).* Lazard Frères performed an analysis of the implied present value per share of WellChoice common stock on a stand-alone basis based on current and historical managed care price-earnings multiples derived from the same Lazard Frères historical managed care sector forward price-earnings study described above applied to the fiscal year 2008 estimates provided by WellChoice. To calculate the discounted equity value, Lazard Frères multiplied the 2008 WellChoice earnings estimate, both assuming no buyback of shares and a share buyback using available cash balances, by the range of historical managed care forward price-earnings multiples of 16.0x-18.0x, and discounted the implied nominal equity values of WellChoice to a present value at an illustrative discount rate of 10%, which reflected WellChoice's cost of equity capital. Based on the foregoing projections and assumptions, Lazard Frères derived an implied valuation range for WellChoice common stock of \$59 to \$67 assuming no buyback of shares, and \$67 to \$75 assuming a share buyback. Lazard Frères also multiplied the 2008 WellChoice earnings estimate, both assuming no buyback of shares and a share buyback, by the WellChoice price earnings multiple as of September 26, 2005 of 20.6x, using the same discount rate, resulting in an implied valuation for WellChoice of up to \$76 per share in the case of no share buyback and \$86 per share in the case of a share buyback. Based upon the aforementioned projections and assumptions, Lazard Frères derived an implied valuation range for WellChoice common stock of \$59 to \$76 assuming no buyback of shares, and \$67 to \$86 assuming a buyback.

*Comparable Public Company Analysis.* Lazard Frères reviewed and analyzed selected public companies that it viewed as reasonably comparable to WellChoice. In performing these analyses, Lazard Frères reviewed and analyzed certain financial data, valuation multiples and market trading data relating to the selected public companies and compared this information to corresponding information for WellChoice. The selected public companies were:

Aetna Inc.;

Cigna Corp.;

Health Net Inc.;

Humana Inc.;

PacifiCare Health Systems Inc.;

UnitedHealth Group Inc.; and

WellPoint, Inc.



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Using publicly available research estimates and public information, Lazard Frères calculated for the above companies:

enterprise value (equal to equity value plus net debt) as a multiple of revenues for the last twelve months and for estimated 2005;

enterprise value as a multiple of earnings before interest, taxes, depreciation and amortization ( EBITDA ) for the last twelve months and for each of estimated 2005 and 2006;

enterprise value as a multiple of earnings before interest and taxes ( EBIT ) for the last twelve months and for each of estimated 2005 and 2006;

enterprise value as a multiple of total medical enrollment for the last twelve months;

price per share as a multiple of earnings per share for each of estimated 2005 and 2006; and

price per share as a multiple of estimated 2005 and 2006 earnings per share to projected long-term earnings per share growth rate (long-term earnings per share growth rate based on Institutional Broker Estimate System ( I/B/E/S ) consensus estimates).

The results of these calculations are set forth in the following table:

	Comparable Public Companies				WellChoice	WellPoint
	Low	Mean	Median	High		
<b>Enterprise Value as a Multiple of:</b>						
<b>Revenues</b>						
2005 estimated	0.41x	0.96x	0.99x	1.64x	0.80x	1.09x
Last twelve months	0.41	1.05	0.99	1.97	0.85	1.17
<b>EBITDA</b>						
2006 estimated	8.2x	9.4x	8.8x	11.4x	9.0x	8.3x
2005 estimated	8.0	10.5	10.3	12.8	10.3	10.5
Last twelve months	5.6	12.2	12.0	16.4	11.2	11.8
<b>EBIT</b>						
2006 estimated	8.9x	10.6x	9.9x	12.9x	9.6x	9.3x
2005 estimated	9.2	11.9	11.4	15.3	11.1	12.0
Last twelve months	6.1	13.9	13.3	20.0	12.1	13.2
<b>Total Medical Enrollment</b>						
Last twelve months	\$ 748	\$ 1,702	\$ 1,676	\$ 3,145	\$ 1,033	\$ 1,704
<b>Share Price as a Multiple of:</b>						
<b>Earnings per share</b>						
2006 estimated	13.9x	16.4x	16.0x	19.6x	18.0x	16.0x
2005 estimated	15.7	19.5	18.9	22.7	20.6	18.8
<b>Earnings per share to projected long-term earnings per share growth rate</b>						
2006 estimated	0.99x	1.10x	1.08x	1.23x	1.30x	1.03x
2005 estimated	1.14	1.30	1.31	1.44	1.48	1.21

Lazard Frères derived multiple reference ranges from the foregoing and applied them to the corresponding WellChoice data from 2005 and 2006 projections of WellChoice management to arrive at a reference equity value for WellChoice of \$54 to \$76 per share.

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*Precedent Transaction Analysis.* Lazard Frères reviewed and analyzed selected recent precedent merger and acquisition transactions in the managed care industry. In performing these analyses, Lazard Frères analyzed certain financial data and transaction multiples relating to the companies in the selected transactions and compared this information to corresponding information for WellChoice. The precedent transactions were:

<b>Announcement Date</b>	<b>Target</b>	<b>Acquiror</b>
07/06/2005	<b>PacifiCare Health Systems Inc.</b>	<i>UnitedHealth Group Inc.</i>
10/27/2003	<b>WellPoint Health Networks Inc.</b>	<i>Anthem, Inc.</i>
04/26/2004	<b>Oxford Health Plans, Inc.</b>	<i>UnitedHealth Group Inc.</i>
10/27/2003	<b>Mid Atlantic Medical Services Inc.</b>	<i>UnitedHealth Group Inc.</i>
06/03/2003	<b>Cobalt Corporation</b>	<i>WellPoint Health Networks Inc.</i>
04/26/2002	<b>Trigon HealthCare Inc.</b>	<i>Anthem, Inc.</i>
10/18/2001	<b>RightChoice Managed Care Inc.</b>	<i>WellPoint Health Networks Inc.</i>

Using publicly available information, Lazard Frères calculated for the above transactions:

the price per share as a multiple of earnings per share for the current and one-year forward fiscal year; and

the price per share as a multiple of estimated current and one-year forward earnings per share to projected long-term earnings per share growth rate (long-term earnings per share growth rate based on I/B/E/S consensus estimates).

The results of these calculations are set forth in the following table:

<b>Precedent Transaction</b>	<b>Date</b>	<b>Long-Term Target Earnings Growth Rate</b>	<b>Offer price per share as a multiple of current fiscal year estimated earnings per share</b>	<b>Offer price per share as a multiple of current fiscal year estimated earnings per share to projected long-term earnings-per-share growth rate</b>	<b>Offer price per share as a multiple of one-year forward estimated earnings per share</b>	<b>Offer price per share as a multiple of one-year forward estimated earnings per share to projected long-term earnings-per-share growth rate</b>
<i>UnitedHealth Group/PacifiCare</i>	07/06/05	16.0%	20.9x	1.31x	17.2x	1.07x
<i>UnitedHealth Group/Oxford</i>	04/26/04	10.7%	13.1	1.22	11.8	1.11

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<b>Anthem/WellPoint</b>	10/27/03	15.0%	17.9	1.19	15.4	1.03
<i>UnitedHealth</i>	10/27/03	17.0%	17.2	1.01	14.8	0.87
<b>Group/MAMSI</b>						
<b>WellPoint/Cobalt</b>	06/03/03	20.0%	18.8	0.94	16.0	0.80
<b>Anthem/Trigon</b>	04/26/02	15.0%	22.1	1.47	19.2	1.28
<i>WellPoint/</i>	10/18/01	17.2%	23.2	1.35	19.8	1.16
<b>RightChoice</b>						

Lazard Frères derived multiple reference ranges from the foregoing, excluding the UnitedHealth Group/Oxford transaction, and applied them to the corresponding WellChoice data from 2005 and 2006 projections of WellChoice management to arrive at a reference equity value range for WellChoice. The equity value for WellChoice implied by the price to earnings ratios of comparable transactions was \$58 to \$79 per share. The equity value for WellChoice implied by the price per share as a multiple of estimated 2005 and 2006 earnings per share to projected long-term earnings per share growth rate was \$44 to \$70 per share. Lazard Frères also calculated an implied transaction value per member of \$69 to \$75 per share, based on transaction values per member in selected managed care transactions.

### *Description of Additional Analysis of WellChoice*

*Premium Paid Analysis.* Lazard Frères performed a premium paid analysis based upon the premiums paid in certain U.S. public merger and acquisition transactions between January 2004 and September 2005 for which

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information was published by Securities Data Company. In conducting its analysis, Lazard Frères analyzed the premiums paid in the following subsets of precedent transactions:

selected managed care transactions (including United/PacifiCare, Anthem/WellPoint, United/Oxford, United/MAMSI, WellPoint/Cobalt, Anthem/Trigon and WellPoint/RightChoice);

broad set of transactions across industries with transaction values greater than \$1 billion; and

broad set of transactions across industries with transaction values greater than \$5 billion.

The analysis was based on the one-day, 30-day and, with respect to the selected managed care transactions, 90-day implied premiums for the transactions indicated. The implied premiums in this analysis were calculated comparing the per share transaction price prior to the announcement of the transaction to the target company's stock price one day, 30 days and, with respect to the selected managed care transactions, 90 days prior to the announcement of the transaction. The results of these calculations are as follows:

**Premiums Paid in:**

	Select Managed Care Transactions			Transactions with Transaction Values Greater than \$1 billion		Transactions with Transaction Values Greater than \$5 billion	
	1 Day	30 Day	90 Day	1 Day	30 Day	1 Day	30 Day
	Mean	20.8%	26.5%	31.7%	22.7%	25.6%	17.8%
Median	16.0%	22.2%	28.8%	19.8%	23.6%	16.5%	26.1%

The equity value for WellChoice implied by the precedent premiums paid in selected comparable managed care company transactions applied to various WellChoice price benchmarks as of September 26, 2005 was approximately \$78 to \$88 per share.

*Pro Forma Has-Gets Analysis Illustrative Impact to WellChoice Shareholders.* Lazard Frères compared WellChoice's estimated earnings per share for the calendar years 2006 and 2007 at the proposed merger consideration to the pro forma earnings per share of the combined company for the calendar years 2006 and 2007 at the exchange ratio of 0.5191 shares of WellPoint common stock for each share of WellChoice common stock. Estimated earnings per share data for WellChoice were based on internal forecasts from management and I/B/E/S consensus estimates for WellPoint, with the pro forma earnings per share of the combined company calculated by Lazard Frères taking into account the potential WellPoint management's estimates of pre-tax cost savings and other synergies of \$25 million and \$50 million in 2006 and 2007, respectively. Based on the merger consideration, this analysis indicated that the common stock portion of the earnings per share of the combined company would be approximately 18.0% accretive when compared to the common stock portion of WellChoice's estimated standalone earnings per share in calendar year 2006 and approximately 23.0% accretive when compared to the common stock portion of WellChoice's estimated stand-alone earnings per share in calendar year 2007. The actual results achieved by the combined company may vary from projected results and the variations may be material.

*Accretion/Dilution Analysis.* Lazard Frères analyzed the potential pro forma financial effect of the merger on estimated earnings per share of WellPoint after the effect of combining the two companies for the calendar years 2006 and 2007, assuming potential pre-tax cost savings and

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other synergies of \$25 million and \$50 million in 2006 and 2007, respectively. Estimated earnings per share data for WellChoice and WellPoint were based on internal forecasts from management. Based on the merger consideration, this analysis indicated that the proposed transaction would be neutral to the combined company's earnings in calendar year 2006 and accretive to the combined company's earnings in calendar year 2007. The actual results achieved by the combined company may vary from projected results and the variations may be material.

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*Market Review and Exchange Ratio Analysis.* Lazard Frères reviewed share price data for WellChoice for various dates and time intervals during the two-year period prior to September 26, 2005 and calculated the implied premium at such prices. Lazard Frères also noted the WellPoint share price during this time and calculated the implied exchange ratio based on the share prices of WellChoice and WellPoint. In addition, as summarized in the table below, Lazard Frères reviewed the historical trading average of WellChoice stock over a range of durations prior to September 26, 2005 and calculated the implied exchange ratio based on the WellChoice and WellPoint trading averages during these intervals.

<b>Historical Trading Day Average</b>	<b>Implied Premium at Offer Price of \$77.23</b>	<b>Implied Exchange Ratio WellChoice Price/WellPoint Price</b>
30 Trading Day Average	8%	0.9668x
90 Trading Day Average	14%	0.9579x
120 Trading Day Average	19%	0.9408x
12 Month Average	37%	0.9211x
24 Month Average	66%	0.9096x

**Description of Analysis of WellPoint**

*Comparable Company Analysis.* Lazard Frères conducted a comparable company analysis to assess how the public market values shares of publicly traded companies that it viewed as reasonably comparable to WellPoint. In performing this analysis, Lazard Frères reviewed and analyzed certain financial data, valuation multiples and market trading data relating to the selected public companies and compared this information to corresponding information for WellPoint. The selected public companies used in this analysis were the same set of public companies used for the comparable company analysis conducted for WellChoice. Lazard Frères noted that the implied trading ratios for WellPoint were in the range of the ratios observed for the comparable company set as of September 26, 2005, the last trading day prior to the delivery of Lazard Frères' opinion.

*WellPoint Trading Range Analysis.* Lazard Frères also reviewed the historical price performance of WellPoint common stock for the 30 trading days, 90 trading days, 120 trading days, 12 months and 24 months prior to September 26, 2005, and noted that the average price of WellPoint stock during these intervals ranged from \$51.11 to \$73.77. Lazard Frères noted the per share closing prices for WellPoint common stock of \$67.64 on June 2, 2005 and of \$75.09 on September 26, 2005.

*Other Factors.* Lazard Frères also reviewed and considered other factors in its analysis of WellPoint, including the relationship between movements in WellPoint common stock, movements in WellChoice common stock, movements in a composite index comprised of selected managed care companies and movements in the Standard and Poor's 500 Index and selected published equity research analysts' reports for WellPoint.

**Miscellaneous**

Lazard Frères' opinion and financial analyses were not the only factors considered by the WellChoice board of directors in its evaluation of the merger and should not be viewed as determinative of the views of the WellChoice board of directors or management. For a description of the other factors considered by the WellChoice board of directors, see WellChoice's Reasons for the Merger; Recommendation of WellChoice's Board of Directors beginning on page 54 of this proxy statement prospectus. Lazard Frères has consented to the inclusion of and references to its opinion in this document.

Under the terms of the engagement letter, WellChoice has agreed to pay Lazard Frères a customary transaction fee, substantially all of which is payable upon completion of the merger. In addition, WellChoice has agreed to reimburse Lazard Frères for its reasonable travel and out-of-pocket expenses, including attorneys' fees, and to indemnify Lazard Frères against certain liabilities relating to or arising out of Lazard Frères' engagement, including certain liabilities under the federal securities laws.



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Lazard Frères is an internationally recognized investment banking firm and is continually engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, private placements, leveraged buyouts, and valuations for real estate, corporate and other purposes. In the ordinary course of its business, Lazard Frères, Lazard Capital Markets LLC and their respective affiliates may from time to time effect transactions and hold securities, including derivative securities, of WellChoice and WellPoint for their own account and for the accounts of their respective customers, and, accordingly, may at any time hold a long or short position in these securities. The WellChoice board of directors selected Lazard Frères to act as investment banker to WellChoice because of its expertise and its reputation in investment banking and mergers and acquisitions and its strong presence in the healthcare industry.

### **Board of Directors and Management of WellPoint Following the Merger**

*Board of Directors of WellPoint Following the Merger.* Upon completion of the merger, the WellPoint board of directors will appoint one of WellChoice's directors (who must be independent under the rules of the New York Stock Exchange and the SEC with respect to WellChoice and WellPoint) to the WellPoint board of directors. Such director will be appointed to the WellPoint board of directors as a Class II director whose term of office will expire at the annual meeting of shareholders of WellPoint in 2007. It is the current intention of WellPoint and WellChoice that such director will be nominated for election upon the expiration of his or her term in office.

*Executive Officers of WellPoint Following the Merger.* Upon completion of the merger, Dr. Michael Stocker, President and Chief Executive Officer of WellChoice, will be appointed Executive Vice President of WellPoint and President and Chief Executive Officer of WellPoint's newly formed East business region.

Information about the current WellPoint directors and executive officers can be found in WellPoint's proxy statement dated April 8, 2005. Information about the current WellChoice directors and executive officers can be found in WellChoice's proxy statement dated March 25, 2005. WellPoint's and WellChoice's Annual Reports on Form 10-K for the year ended December 31, 2004 are incorporated by reference into this proxy statement/prospectus. See WHERE YOU CAN FIND MORE INFORMATION on page 115.

For information concerning the compensation paid to the Chief Executive Officer and the other four most highly compensated executives of WellPoint for the 2004 fiscal year and a description of the compensation received by WellPoint directors, see WellPoint's proxy statement used in connection with its 2005 annual meeting of shareholders. See WHERE YOU CAN FIND MORE INFORMATION on page 115.

### **Operations Following the Merger**

Following completion of the merger, the business of WellChoice will be continued as a wholly owned subsidiary of WellPoint. The stockholders of WellChoice will become shareholders of WellPoint and their rights as shareholders will be governed by the WellPoint articles of incorporation, the WellPoint bylaws and the laws of the State of Indiana. See the section entitled COMPARISON OF SHAREHOLDERS RIGHTS beginning on page 98 of this proxy statement/prospectus for a discussion of some of the differences in the rights of shareholders of WellPoint and the stockholders of WellChoice.

### **Distribution of the Merger Consideration**

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At or prior to the completion of the merger, WellPoint will deposit with EquiServe Trust Company, N.A., acting as exchange agent, the cash portion of the merger consideration and certificates representing shares of WellPoint common stock (or shares of WellPoint common stock in uncertificated book-entry form) to be issued in the merger. WellPoint will make available to the exchange agent, from time to time as needed, additional cash sufficient to pay cash in lieu of fractional shares that would otherwise be issued in the merger and any dividends or other distributions for shares of unsurrendered WellChoice common stock after the completion of the merger.

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Within ten business days after the completion of the merger, WellPoint will cause the exchange agent to send a letter of transmittal and instructions to each WellChoice stockholder for use in exchanging certificates representing shares of WellChoice common stock for cash, without interest, shares of WellPoint common stock (which will be in book-entry form unless a physical certificate is requested), cash in lieu of fractional shares, if applicable, and any dividends or other distributions with respect to WellPoint common stock with a record date after the completion of the merger and before such shares of WellChoice common stock are delivered to the exchange agent. The exchange agent will deliver the applicable cash payment and the WellPoint common stock to each WellChoice stockholder once it receives the properly completed transmittal materials together with such stockholder's certificated or uncertificated shares of WellChoice common stock.

Certificated shares of WellChoice common stock may be delivered to the exchange agent for the merger consideration up to one year after the completion of the merger. At the end of that period, any shares of WellPoint common stock and cash held by the exchange agent will be returned to WellPoint. Any WellChoice stockholder who has not by that time exchanged the shares of WellChoice common stock will be entitled to look to WellPoint and the surviving entity for cash, WellPoint common stock, any cash to be received instead of fractional shares of WellPoint common stock and any dividends or other distributions with a record date after the completion of the merger and before such stockholders surrender of their WellChoice common stock. WellPoint, WellChoice, WellPoint Holding Corp. and the exchange agent will not be liable to any person in the event that any merger consideration is delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

If your certificate representing shares of WellChoice common stock has been lost, stolen or destroyed, you may receive the merger consideration upon the making of an affidavit of that fact. WellPoint may require you to post a bond in a reasonable amount as an indemnity against any claim that may be made against WellPoint with respect to the lost, stolen or destroyed WellChoice stock certificate.

After the completion of the merger, there will be no further transfers on the stock transfer books of WellChoice and any certificated share of WellChoice common stock presented to the exchange agent or WellPoint for any reason will be converted into the right to receive the merger consideration. See **THE MERGER Dissenters' Rights of Appraisal** beginning on page 67 of this proxy statement/prospectus.

## **Public Trading Markets**

WellPoint common stock is currently listed on the New York Stock Exchange under the symbol **WLP**. WellChoice common stock is currently listed on the New York Stock Exchange under the symbol **WC**. Upon the completion of the merger, WellChoice common stock will be delisted from the New York Stock Exchange and deregistered under the Securities Exchange Act of 1934, as amended (the **Exchange Act**). WellPoint will use its commercially reasonable efforts to cause the shares of WellPoint common stock issuable pursuant to the merger agreement to be listed on the New York Stock Exchange. WellPoint has agreed to file an application with the New York Stock Exchange to have the shares of WellPoint stock issuable pursuant to the merger listed on such exchange under the symbol **WLP**.

The shares of WellPoint common stock to be issued in connection with the merger will be freely transferable under the Securities Act, except for shares issued to any shareholder who may be deemed to be an affiliate of WellChoice, as discussed in **THE MERGER Resales of WellPoint Stock by Affiliates** on page 68.

As reported on the New York Stock Exchange, the closing sale price per share of WellPoint common stock on September 26, 2005, the last business day prior to the date of the merger agreement, was \$75.09, and the closing sale price per share of WellChoice common stock on September 26, 2005 was \$70.60. Based on the closing sale price per share of WellPoint common stock, the implied value of one share of WellChoice common stock was \$77.23 on that date. The closing sale price per share of WellPoint common stock on \_\_\_\_\_, 2005, the last



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practicable trading day before the date of this proxy statement/prospectus, was \$ and the closing sale price per share of WellChoice common stock on , 2005 was \$ . Based on the closing sale price per share of WellPoint common stock, the implied value of one share of WellChoice common stock was \$ as of that date. The implied value of one share of WellChoice common stock as of these dates was calculated by multiplying WellPoint s closing sale price per share by 0.5191, and adding the \$38.25 per share cash component of the merger consideration. Because the stock price of both of our companies will fluctuate, you should obtain current quotations of these prices.

## **Repurchases of Common Stock**

WellPoint has a common stock repurchase program under which it is authorized to acquire up to \$1.0 billion of its common stock in the open market or in privately negotiated transactions. Currently, under this program, \$1.0 billion remains authorized for future repurchases. In October 2005, the share repurchase authorization under WellPoint s common stock repurchase program was increased by the WellPoint board of directors from \$1.0 billion to \$2.0 billion, upon the occurrence of the effective time of the merger described herein.

Regulation M under the federal securities laws prohibits WellPoint from bidding for or repurchasing its common stock during the period commencing with the mailing of this proxy statement/prospectus through the date of the WellChoice stockholders meeting.

Subject to applicable law, and the timing and volume limitations of SEC rules, WellPoint may from time to time repurchase shares of WellPoint common stock.

## **WellPoint Dividends**

WellPoint does not currently pay dividends on shares of its common stock. WellPoint shareholders, including WellChoice stockholders who receive shares of WellPoint common stock in the merger and hold such stock as of the relevant record date, will be entitled to receive dividends only when and if declared by WellPoint s board of directors out of funds legally available for dividends. See COMPARISON OF SHAREHOLDERS RIGHTS beginning on page 98 of this proxy statement/prospectus.

## **Dissenters Rights of Appraisal**

WellChoice stockholders will have appraisal rights under Delaware law in connection with the merger. Any WellChoice stockholder who has not voted shares of WellChoice common stock in favor of the adoption of the merger agreement has the right to demand appraisal of, and to be paid the fair market value for, such shares of WellChoice common stock in lieu of the cash and WellPoint common stock provided for in the merger agreement. The value of the WellChoice common stock for this purpose will exclude any element of value arising from the accomplishment or expectation of the merger. In order for the holder of WellChoice common stock to exercise its right to an appraisal, if any, such holder must deliver to WellChoice written demand for an appraisal of the shares of WellChoice common stock prior to the time the vote is taken on the merger at the WellChoice special meeting as provided by Delaware law. Appendix E to this proxy statement/prospectus sets forth the pertinent provisions of Delaware law addressing appraisal rights. Simply voting against the merger will not be considered a demand for appraisal rights. If the holder of WellChoice common stock fails to deliver such a written demand prior to the time the vote is taken on the merger at the WellChoice special meeting to the corporate secretary of WellChoice, Seth I. Truwit, 11 West 42nd Street, New York, New York 10036, such stockholder will lose the right to an appraisal. In addition, if such holder votes shares of WellChoice common stock for adoption of the merger agreement, such stockholder will lose the right to an appraisal with respect to such shares. The preceding discussion is not a complete

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statement of the law pertaining to appraisal rights under the Delaware General Corporation Law and is qualified in its entirety by the provisions of Delaware law attached as Appendix E to this proxy statement/prospectus.

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### **Resales of WellPoint Stock by Affiliates**

Affiliates of WellChoice, as defined under Rule 144 under the Securities Act, generally may not sell their shares of WellPoint common stock acquired in the merger except pursuant to an effective registration statement under the Securities Act or an applicable exemption from the registration requirements of the Securities Act, including Rules 144 and 145 under the Securities Act. Affiliates include directors, executive officers, and beneficial owners of 10% or more of any class of capital stock.

Under the merger agreement, WellChoice has agreed to provide WellPoint with a list of the persons who, to WellChoice's knowledge, may be deemed to be affiliates of WellChoice as of the date of the merger agreement. WellChoice will also use its commercially reasonable efforts to deliver to WellPoint a letter agreement executed by each of these persons on or before the mailing of this proxy statement by which that person will agree, among other things, not to offer to sell, transfer or otherwise dispose of any of the shares of WellPoint common stock distributed to him or her pursuant to the merger except in compliance with Rules 144 and Rule 145 under the Securities Act, in a transaction that, in the opinion of counsel reasonably satisfactory to WellPoint, is otherwise exempt from the registration requirements of the Securities Act, or in an offering registered under the Securities Act. WellPoint may place restrictive legends on its common stock certificates that are issued to persons who are deemed to be affiliates of WellChoice under the Securities Act.

This proxy statement/prospectus does not cover any resales of WellPoint common stock received in the merger by any person who may be deemed an affiliate of WellChoice.

### **Regulatory and Other Approvals Required for the Merger**

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

Notwithstanding the foregoing, WellPoint is not obligated to agree to, among other things, any term or condition that would impose any obligation, restriction, limitation, qualification or condition (including any limitation on their ownership or operation of all or any portion of WellPoint's, WellChoice's, or any of their subsidiaries', businesses or assets) on WellPoint and its subsidiaries or on WellChoice and its subsidiaries (other than certain terms or conditions that are reasonable and relate to the ordinary course of business of WellChoice and its subsidiaries and that are imposed by a governmental entity with power and authority to grant the necessary consents, and which individually and in the aggregate could have been imposed on WellChoice and its subsidiaries as of September 27, 2005 by a governmental entity, in the ordinary course of regulating the business of WellChoice and its subsidiaries and do not competitively disadvantage WellPoint or any of its subsidiaries or WellChoice or any of its subsidiaries).

A condition to the parties' respective obligations to consummate the merger is that any waiting period applicable to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, or HSR Act, will have expired or been terminated, any other material governmental regulatory consents and approvals, including certain insurance regulatory approvals, will have been obtained, and that the approval of the Blue Cross Blue Shield Association will have been obtained, in each case, on terms that satisfy the standard described above. The required insurance regulatory approvals will include approvals from the domiciliary regulators for each of the insurance company and HMO

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subsidiaries of WellChoice, related to acquisitions of control. Those domiciliary regulators are insurance and HMO regulators in New York and the insurance regulator in New Jersey. See THE MERGER AGREEMENT Conditions to the Completion of the Merger on page 81.



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*U.S. Antitrust Filing.* Under the HSR Act and the rules and regulations promulgated thereunder, certain transactions, including the merger, may not be consummated unless certain waiting period requirements have expired or been terminated. Each of WellPoint and WellChoice filed a Notification and Report Form pursuant to the HSR Act with the Department of Justice and the Federal Trade Commission on October 12, 2005. Under the HSR Act, the merger may not be consummated until 30 days after this filing (unless early termination of this waiting period is granted) or, if the Antitrust Division of the Department of Justice or the Federal Trade Commission issues a request for additional information, 30 days after WellPoint and WellChoice have complied with such request for additional information (unless this period is shortened by termination or unless the Federal Trade Commission or the Antitrust Division of the Department of Justice obtains injunctive relief). WellPoint and WellChoice are cooperating with the Department of Justice to provide information in connection with the antitrust review. In addition, at any time between now and the effective time of the merger, and even after the effective time of the merger, the Federal Trade Commission, the Department of Justice, states or others could take action under the antitrust laws with respect to the merger, including seeking to enjoin the completion of the merger, to rescind the merger, or to require the divestiture of certain assets of WellPoint or WellChoice. WellPoint and WellChoice have no reason to believe that a challenge to the merger on antitrust grounds is likely to be made or, if such a challenge is made, that it is likely to be successful.

*Insurance and HMO Laws and Regulations.* The merger will, under applicable law, constitute an acquisition of control of WellChoice's insurance company and HMO subsidiaries. WellChoice has an insurance company and an HMO subsidiary, each organized under the laws of New York, and has an insurance company subsidiary organized under the laws of New Jersey. Pursuant to applicable insurance and HMO laws and regulations, and before the merger may be consummated, the New York and New Jersey insurance regulators and New York HMO regulator must review and approve the acquisition of control of the insurance company or HMO subsidiary domiciled in its respective jurisdiction. To obtain these reviews and approvals, WellPoint made appropriate filings and applications on October 18, 2005 with these insurance and HMO regulators. The New York regulators are not required to hold any public hearing in connection with these filings in New York. The New Jersey regulator, however, is required to hold a public hearing in connection with the filing in New Jersey. The New Jersey public hearing is expected to be held during the fourth quarter of 2005. In general, New York insurance and HMO laws and regulations provide that the acquisition of control of WellChoice's New York domiciled insurance company and HMO subsidiaries must be approved by its regulator unless the regulator determines that disapproval is reasonably necessary to protect the interest of the people of the State of New York, based only on the following factors, as applicable:

- (1) the financial condition of WellPoint and WellChoice's New York insurance company and HMO subsidiaries;
- (2) the trustworthiness of WellPoint or any of its officers or directors;
- (3) a plan for the proper and effective conduct of WellChoice's New York insurance company operations;
- (4) the source of funds or assets for the merger;
- (5) the fairness of any exchange of shares, assets, cash or other consideration for the shares or assets to be received;
- (6) whether the effect of the merger may be substantially to lessen competition in any line of business or tend to create a monopoly;
- (7) whether the merger is likely to be hazardous or prejudicial to WellChoice's New York insurance company subsidiaries' policyholders or shareholders;
- (8) the character, competence and standing in the community of WellPoint and the performance of health care facilities operated by WellPoint or its controlled persons; and

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- (9) the continuing assurance that WellChoice's New York HMO subsidiary's operations will be in compliance with New York's HMO laws and regulations.

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In general, applicable New Jersey insurance laws provide that the acquisition of control of WellChoice's New Jersey domiciled insurance company subsidiary must be approved by the regulator unless the regulator finds that:

- (1) following the merger, WellChoice's New Jersey insurance company subsidiary would be unable to satisfy requirements for the issuance of the insurance license that it presently has;
- (2) the merger would lessen competition substantially or tend to create a monopoly in New Jersey;
- (3) the financial condition of WellPoint might jeopardize the financial stability of WellChoice's New Jersey insurance subsidiary, or prejudice the interest of its policyholders;
- (4) WellPoint's financial condition prior to the date of the proposed merger, or the acquisition debt of WellPoint, violates certain prescribed financial thresholds;
- (5) any plans or proposals of WellPoint to liquidate WellChoice's New Jersey insurance company subsidiary, sell its assets or consolidate or merge it with any person, or to make any other material change in its business or corporate structure or management, are unfair and unreasonable to policyholders and not in the public interest;
- (6) permitting the merger would not be in the interest of policyholders and the public because of the competence, experience and integrity of the persons who would control the operations of WellChoice's New Jersey insurance company subsidiary after the merger; or
- (7) the merger would likely be hazardous or prejudicial to the insurance buying public in New Jersey.

*Blue Cross Blue Shield Association.* The Blue Cross Blue Shield Association generally requires that the ultimate controlling entity of an organization be the primary licensee and that the primary licensee guarantee the contractual and financial customer obligations of the licensed subsidiaries that offer Blue Cross and Blue Shield branded products. The merger will result in WellPoint becoming the ultimate controlling entity of the WellChoice subsidiaries, including those that use the Blue Cross and Blue Shield names and marks. WellChoice holds the exclusive right to use the Blue Cross and Blue Shield names and marks in ten counties in the New York City metropolitan area and in six counties in upstate New York and the non-exclusive right to use these names and marks in one upstate New York county. In addition, WellChoice has an exclusive right to use only the Blue Cross names and marks in seven counties in its upstate New York service area and a non-exclusive right to use only the Blue Cross names and marks in an additional four upstate New York counties. WellChoice's rights to use the Blue Cross and Blue Shield names and marks may not be transferred to another entity (in the case of the merger, to WellPoint) without the approval of the Blue Cross Blue Shield Association. The process for obtaining approval is initiated by the entity seeking a license transfer. Thereafter, the Blue Cross Blue Shield Association considers the application, and action is taken by its board of directors. On October 4, 2005, WellPoint and WellChoice submitted a joint application requesting that, in connection with and subject to the completion of the merger, the Blue Cross Blue Shield Association transfer to WellPoint the licenses for the WellChoice Blue Cross and Blue Shield territories. That application also includes WellPoint's commitment, subject to the completion of the merger and the transfer of the licenses to WellPoint, to guarantee the contractual and financial obligations to the customers of certain WellChoice insurance company and HMO subsidiaries. On October 20, 2005, WellPoint was informed that the Plan Performance and Financial Standards Committee of the Blue Cross Blue Shield Association had approved that application and recommended that the board of directors of the Blue Cross Blue Shield Association approve such application at its regularly scheduled meeting in November.

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



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### **WellChoice's Directors and Officers Have Financial Interests in the Merger**

Certain members of WellChoice's management and board of directors may be deemed to have financial interests in the merger that are in addition to, or different from, their financial interests as stockholders of WellChoice. The WellChoice board of directors was aware of these financial interests and considered them, among other matters, in approving the merger agreement.

#### *Michael A. Stocker, M.D.*

On September 27, 2005, Michael A. Stocker, M.D., President and Chief Executive Officer of WellChoice, executed a Memorandum of Understanding pursuant to which WellPoint and Dr. Stocker agreed to enter into an employment agreement prior to the completion of the merger. The contemplated employment agreement will incorporate the terms of the Memorandum of Understanding and will supersede Dr. Stocker's existing change in control agreement, which will terminate immediately prior to the effective time of the merger. If the employment agreement is not entered into prior to the effective time of the merger, the Memorandum of Understanding will supersede Dr. Stocker's existing change in control agreement.

Pursuant to the terms of the Memorandum of Understanding and discussions since the merger was publicly announced, Dr. Stocker will be appointed Executive Vice President of WellPoint and President and Chief Executive Officer of WellPoint's newly formed East business region for a term beginning on the completion of the merger and continuing until May 1, 2007. During the term of his employment agreement, Dr. Stocker will receive the following:

an annual base salary of \$650,000;

an annual incentive bonus opportunity for each full and partial calendar year in the term (with a target bonus opportunity equal to 80% of Dr. Stocker's base salary and a maximum bonus opportunity equal to 240% of Dr. Stocker's base salary) based upon the achievement of specified performance goals;

a long-term incentive bonus opportunity, with respect to each of the 2003-2005 and 2004-2006 performance cycles, that is no less favorable than that provided to Dr. Stocker immediately prior to the completion of the merger (with certain adjustments to reflect the merger), provided that the transactions contemplated by the merger agreement will not be deemed a change in control with respect to those awards (Dr. Stocker will not be entitled to any payment in respect of the outstanding 2005-2007 performance cycle under WellChoice's Long-Term Incentive Compensation Plan);

a one-time lump-sum cash payment to Dr. Stocker of \$5,580,075, six months following the effective time of the merger; and

certain additional gross up payments to cover excise tax imposed by Section 4999 of the Internal Revenue Code, if any, on any payment or benefit received or to be received by Dr. Stocker.

During the term of his employment agreement, Dr. Stocker will participate in WellPoint's employee benefit plans at a level that is, in the aggregate, no less favorable than the lesser of (i) that provided to Dr. Stocker at completion of the merger and (ii) that provided to WellPoint's similarly situated employees. If Dr. Stocker is eligible for retiree medical benefits under WellChoice's retiree medical benefit plan at the time he retires from WellPoint, he will be eligible to receive retiree medical benefits in accordance with the terms of WellChoice's retiree medical benefit

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plan in effect from time to time, provided that the benefits that he would otherwise be able to receive thereunder will not be (a) less than those provided to WellPoint's eligible retirees, provided that he has satisfied the eligibility requirements to receive retiree medical benefits in accordance with the terms of the WellChoice or WellPoint retiree medical plan, or (b) eliminated.

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At the effective time of the merger, all WellChoice options held by Dr. Stocker will become fully vested and all restrictions will lapse with respect to each other WellChoice stock award held by Dr. Stocker. Dr. Stocker's options will remain exercisable in accordance with the original terms of the options as set forth in the applicable option agreements (without regard to any change in control provisions). WellChoice options and stock awards held by Dr. Stocker will be converted into WellPoint options and stock awards, as determined by an option exchange ratio, in accordance with the merger agreement. The number of WellChoice options and stock awards held by Dr. Stocker as of October 24, 2005 is 398,176. In addition, at the effective time of the merger, WellPoint will grant Dr. Stocker a total of 30,000 shares of WellPoint restricted stock, the restrictions on which will lapse, generally, upon the earlier of (1) May 1, 2007 (provided that Dr. Stocker is employed by WellPoint on that date) and (2) an involuntary termination of Dr. Stocker's employment by WellPoint other than for cause (as defined in the Memorandum of Understanding) or by Dr. Stocker for good reason (as defined in the Memorandum of Understanding). During the employment term and, for a period of 12 months commencing upon Dr. Stocker's termination of employment for any reason, Dr. Stocker agreed that he will not perform services for, or otherwise be connected with, any business in competition with WellPoint, solicit WellPoint's employees for employment; or interfere with WellPoint's relationship with its customers, suppliers or employees.

***Change in Control Retention Agreements***

Certain of WellChoice's executive officers have entered into change in control retention agreements with WellChoice. These agreements provide for the payment by WellChoice of specified benefits in the event the employment of such executive officers terminates under specified circumstances following a change in control (as defined in the change in control retention agreements and which would include the consummation of the merger). Dr. Stocker's change in control retention agreement will be superseded by the execution of a definitive employment agreement with WellPoint or by his Memorandum of Understanding with WellPoint.

Under the change in control retention agreements, an executive officer is entitled to certain severance benefits in the case that such officer is involuntarily terminated (for reasons other than death, disability, retirement or cause) or voluntarily terminates his or her employment for good reason, in each case occurring within six months prior to a change of control or within 24 months following a change in control. Generally, under these agreements, good reason is defined to include any substantial diminution in the nature or status of responsibilities from those in effect prior to a change in control, a reduction in base salary, and certain other events. In the case of Ms. Linda Tiano, Senior Vice President and General Counsel, Mr. John Remshard, Senior Vice President and Chief Financial Officer, and Ms. Gloria McCarthy, Executive Vice President and Chief Operating Officer, the definition of good reason also includes any diminution in the nature and status of their responsibilities resulting solely from WellChoice becoming a subsidiary of another entity (and not any other changes to their responsibilities). Ms. McCarthy's change in control retention agreement was amended on September 27, 2005, immediately prior to the execution of the merger agreement to incorporate this definition of good reason. Notwithstanding the foregoing, reductions in an officer's responsibilities and authority in connection with the transfer of the officer's responsibilities to a successor will not be an event for which the executive may voluntarily terminate his or her employment and receive benefits until the earlier of the date that is six months following the change in control or completion of the transition.

Ms. Tiano, Mr. Remshard, Ms. McCarthy, Ms. Deborah Bohren, Senior Vice President, Communications, Mr. Jason Gorevic, Senior Vice President, Chief Marketing and Sales Officer, and Mr. Robert Lawrence, Senior Vice President, Human Resources and Services will, upon termination entitling them to severance benefits, receive a lump sum severance payment equal to two times the sum of their full annual base salary and annual incentive payment, as defined in the change in control retention agreement. All of the aforementioned individuals will also receive certain additional gross-up payments to cover any excise tax imposed by Section 4999 of the Code. The other 14 officers with change in control retention agreements receive a lump sum severance payment equal to one and a half times the sum of their full annual base salary and annual incentive payment, as defined in the change in control retention agreement. Although such other officers are not entitled to a gross-up, the amounts payable to them may be reduced, in the discretion of WellChoice, if the after-tax benefit to such officer from such reduction is increased.

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If an executive officer's employment were terminated under the circumstances described above (assuming a termination date of December 31, 2005 and a WellPoint stock price of \$     on the last trading day before the close of the merger), WellPoint would be required to make the following cash payments (in addition to the other non-cash benefits described above):

Ms. Tiano, \$     ;

Mr. Remshard, \$     ;

Ms. McCarthy, \$     ;

Ms. Bohren \$     ;

Mr. Gorevic \$     ; and

Mr. Lawrence \$     .

If employment is terminated for WellChoice's 14 other officers with change in control retention agreements, under the circumstances described above (assuming a termination date of December 31, 2005 and a WellPoint stock price of \$     on the last trading day before the close of the merger), WellPoint would be required to make an aggregate cash payment of \$     , in addition to the other non-cash benefits described above. WellPoint's actual payments to any of the officers will depend on such officer's date of termination and WellPoint's stock price on the last trading day before the close of the merger.

In addition to their severance payments, the benefits made available to the executive officer under the terms of the change in control retention agreements in the event that such executive officer's employment is terminated under the above-specified circumstances include:

the unpaid annual incentive for the year preceding the termination of employment, if any;

a pro rata amount of such executive officer's target annual incentive for the year in which the termination of employment occurs;

a pro rata portion of the executive officer's target awards under WellChoice's Long-Term Incentive Compensation Plan;

all amounts accrued to such executive officer under all retirement plans and all deferred compensation plans;

all amounts earned by such executive officer on an annual basis consistent with WellChoice's practice as of the date of the agreement for years ended before the year in which the date of termination occurs under any Long-Term Incentive Compensation Plan adopted by WellChoice, notwithstanding the fact that the executive officer's employment will have terminated prior to the end of the relevant three-year period performance cycle thereunder or any vesting or other provisions of any such plan;



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if the number of years of service is a factor in the determination of such executive officer's benefit under any of WellChoice's defined benefit retirement plans, an amount equal to any additional benefit such executive officer would be entitled to under any such plans if his or her years of service for purposes of such plans was increased by two;

maintenance of medical, dental, hospital and life insurance benefits to which the executive officer was entitled immediately prior to termination for a period of up to 24 months following termination; and

reimbursement of legal fees and expenses, if any, incurred as a result of such termination.

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### ***WellChoice Stock Options and Other Stock Awards***

At the close of the merger, each director or employee stock option exercisable for shares of WellChoice Common Stock (the "WellChoice Stock Options") outstanding immediately prior to the close of the merger will be converted automatically into an option to purchase a number of shares of WellPoint Common Stock (a "Converted Option") as determined by the Option Exchange Ratio, as defined in the merger agreement, and rounded down to the nearest whole share. Additionally, at the close of the merger, all shares of restricted WellChoice Common Stock, and all other awards of shares of WellChoice Common Stock under any WellChoice Stock Plan, including without limitation, restricted stock units (excluding stock options and awards under the WellChoice Employee Stock Purchase Plan) (the "Other Stock Awards"), held by officers or directors of WellChoice or its subsidiaries immediately prior to the close of the merger, shall be converted into a right or award with respect to a number of shares of WellPoint Common Stock (a "Converted Other Stock Award") based on the Option Exchange Ratio, rounded down to the nearest whole share.

At the close of the merger, all of the WellChoice Stock Options will become fully vested and exercisable and all restrictions will lapse with respect to the Other Stock Awards; provided, however, that no stock options awarded to WellChoice's President and Chief Executive Officer or its named executive officers will be accelerated as to exercisability (but will be accelerated as to vesting) and will instead continue to be exercisable in accordance with their original terms (but, with regard to WellChoice's President and Chief Executive Officer, without taking into account any change in control provisions). However, if any such named executive officer (not including WellChoice's President and Chief Executive Officer) is involuntarily terminated (other than for "cause") or such executive officer voluntarily terminates his or her employment for "good reason" (as such terms are defined in such executive officer's change in control retention agreements) within 24 months following consummation of the merger, the WellChoice Stock Options will be immediately exercisable.

### **WellPoint Director Position**

Immediately after the completion of the merger, WellPoint shall appoint one of WellChoice's current directors (who must be independent under the rules of the New York Stock Exchange and the SEC with respect to Company and Purchaser) to the Board of Directors of WellPoint. Such director shall be appointed to the Board of Directors of WellPoint as a Class II director such that such director's term of office will expire at the annual meeting of stockholders of WellPoint in 2007.

### **Indemnification and Insurance**

The merger agreement provides that, for six years following the Effective Time, WellPoint will cause WellPoint Holding Corp. to indemnify and hold harmless, and provide advancement of expenses to, the present and former directors, officers and employees of WellChoice and its subsidiaries, in each case to the same extent such persons were indemnified or had the right to advancement of expenses by WellChoice as of the date of the merger agreement, pursuant to WellChoice's certificate of incorporation, bylaws and indemnification agreements, if any, in existence as of the date of the merger agreement with any current or former directors, officers and employees of WellChoice and its subsidiaries (but in any event to the fullest extent permitted by law) for acts or omissions occurring at or prior to the Effective Time. WellPoint will also cause WellPoint Holding Corp. to purchase as of the Effective Time a tail policy to the current policy of directors' and officers' liability insurance maintained by WellChoice which tail policy shall be effective for a period from the Effective Time through and including the date six years after the date of the closing of the merger with respect to claims arising from facts or events that occurred on or before the Effective Time, and which tail policy shall contain substantially the same coverage and amounts as, and contain terms and conditions no less advantageous than, in the aggregate, the coverage currently provided by such current policy; *provided, however*, that in no event shall WellPoint Holding Corp. be required to expend, for the entire tail policy, in excess of 300% of the annual premium currently paid by WellChoice for its current policy of directors' and officers' liability insurance; and, *provided, further* that, if the premium of such insurance coverage exceeds such amount, WellPoint Holding Corp. after consultation with WellChoice shall be obligated to obtain a policy with the greatest coverage available for a cost not

exceeding such amount.

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### **Merger Financing**

WellPoint will have cash requirements of approximately \$3.2 billion for the purchase price in connection with the merger, representing the cash portion of the purchase price plus the amount of transaction costs incurred in connection therewith. As of September 30, 2005, WellPoint had \$1.6 billion of cash, cash equivalents and investments and access to \$1.6 billion of availability under its existing credit facilities. In addition, WellPoint has entered into a commitment letter with respect to a bridge loan agreement under which it may borrow up to \$3.0 billion in connection with the merger and the transactions contemplated thereby and to pay fees and expenses incurred in connection therewith. Pursuant to such commitment letter, the bridge loan agreement contemplated thereby will contain various conditions to WellPoint's ability to borrow under the bridge loan, including conditions related to (1) the absence of any change, occurrence or development since December 31, 2004 that has had a material adverse effect; (2) WellPoint's long-term unsecured non-credit enhanced debt not being rated less than Baa2 by Moody's and BBB by S&P; (3) the maximum pro forma total debt to capitalization of WellPoint and its subsidiaries; (4) minimum pro forma liquidity of WellPoint and its unregulated subsidiaries; and (5) and such other conditions that are customary for transactions of this nature.

Pursuant to the terms of such commitment letter, interest under the bridge loan will be payable quarterly in arrears on substantially the same basis as under WellPoint's existing senior credit facilities with respect to both eurodollar borrowings and base rate borrowings, in each case, plus an applicable margin determined on a per annum basis. The applicable margin for the bridge loans will range from 25.0 basis points to 62.5 basis points based upon the S&P and Moody's debt ratings for WellPoint, with the higher debt rating resulting in a lower applicable margin per annum. The final maturity of the bridge loan facility will occur 364 days from the date of the initial borrowing of loans thereunder.

WellPoint intends to obtain permanent or long-term financing for part of the cash portion of the merger consideration through (1) issuance of commercial paper and/or borrowings under a new senior credit facility; and (2) the issuance of up to \$2.7 billion of long-term debt securities. The ultimate mix of commercial paper, bank debt and long-term debt securities will be determined based on market conditions and other financial factors. In addition, WellPoint plans to use other sources of cash, including cash on hand, to fund the remaining part of the cash portion of the merger consideration or to fund any other cash requirements for the merger and related transactions.

The issuance of the senior notes contemplated in the commitment letter in respect of the bridge loan agreement and the amount by which the aggregate undrawn commitments and borrowings under all of WellPoint's credit facilities exceeds \$2.5 billion, in each case, prior to or during the term of the bridge loan agreement will result in commitment reductions under the bridge loan agreement in like amounts. To the extent that loans under the bridge loan agreement have been incurred by WellPoint, it must prepay such loans, without penalty or premium, together with accrued interest to the prepayment date, with the net proceeds from the issuance of any senior notes and by the amount which the aggregate undrawn commitments and borrowings under all of WellPoint's credit facilities at such time exceed \$2.5 billion.

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### **THE MERGER AGREEMENT**

*This section of the document describes certain aspects of the proposed merger, including material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the complete text of the merger agreement, which is incorporated by reference and attached as Appendix A to this proxy statement/prospectus. We urge you to read the entire merger agreement carefully.*

The merger agreement has been included to provide you with information regarding its terms. The merger agreement contains representations and warranties by WellPoint, WellPoint Holding Corp. and WellChoice. The representations and warranties reflect negotiations between the parties to the merger agreement and, in certain cases, merely represent allocation decisions among the parties and may not be statements of fact. As such, the representations and warranties are solely for the benefit of the parties to the merger agreement and may be limited or modified by a variety of factors, including: subsequent events, information included in public filings, disclosures made during negotiations, correspondence between the parties and disclosure schedules to the merger agreement. Accordingly, the representations and warranties may not describe the actual state of affairs at the date they were made or at any other time and you should not rely on them as statements of fact.

#### **Terms of the Merger**

Subject to the terms and conditions of the merger agreement, and in accordance with Delaware law, upon completion of the merger, WellChoice will merge with and into WellPoint Holding Corp. and WellPoint Holding Corp. will be the surviving corporation. Concurrently, the separate corporate existence of WellChoice will terminate.

The merger agreement provides that each share of WellChoice common stock issued and outstanding immediately prior to the Effective Time (as defined below), other than (i) Company Treasury Shares, (ii) shares of Company Common Stock owned by WellPoint or WellPoint Holding Corp., (iii) Dissenting Shares and (iv) Subsidiary Held Stock (as each such term is defined in the merger agreement), will be converted into the right to receive (x) \$38.25 in cash, without interest, and (y) 0.5191 shares of WellPoint common stock, par value \$0.01 per share. Upon the conversion, all shares of WellChoice common stock will no longer be outstanding and will be automatically canceled and cease to exist.

In lieu of WellChoice being merged with and into WellPoint Holding Corp., if all of the conditions set forth in the merger agreement, excluding conditions that, by their terms, cannot be satisfied until the closing of the transaction, have been satisfied or waived, (other than the receipt of tax opinions that the merger qualifies as a reorganization under Section 368(a) of the Code), WellPoint has the right to irrevocably elect by notice delivered to WellChoice, and upon the terms and subject to the conditions set forth in the merger agreement, to cause the merger to be a merger of WellPoint Holding Corp. with and into WellChoice at the Effective Time, in which case, the separate corporate existence of WellPoint Holding Corp. will cease and WellChoice will continue as the surviving entity (which is referred to in this proxy statement/prospectus as the reverse merger election). The parties have agreed to amend the merger agreement and any related documents to the extent necessary to provide for the specific mechanics with respect to the reverse merger election, if made.

#### **Manner and Basis of Converting Shares; Procedure; No Fractional Shares; Effect on Certificates**

Promptly, but in any event within ten business days after the Effective Time, transmittal letters and exchange instructions will be mailed to each holder of record of Company Certificates (as such term is defined in the merger agreement), to be used to surrender and exchange such

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certificates. After receiving the transmittal letters and instructions, each holder of Company Certificates will be able to surrender such certificates in exchange for the merger consideration along with such duly executed and completed letter of transmittal to EquiServe Trust Company, N.A., acting as exchange agent, or another bank or trust appointed by WellPoint as exchange agent. Each holder of Company Certificates will be entitled to receive as merger consideration

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(i) 0.5191 shares of WellPoint common stock for each share held of WellChoice common stock issued and outstanding immediately prior to the Effective Time, (ii) a check in the amount of \$38.25 for each share of WellChoice common stock issued and outstanding immediately before the Effective Time, and (iii) any cash which may be payable in lieu of a fractional share of WellPoint common stock and any dividends or other distributions with respect to WellPoint common stock with a record date after the completion of the merger and before such certificates are delivered to the exchange agent. WellChoice stockholders should not surrender their certificates until they receive their transmittal letters and instructions.

After the merger is completed, each certificate formerly representing WellChoice common stock, until so surrendered and exchanged, will represent only the right to receive the cash and the number of whole shares of WellPoint common stock that the holder is entitled to receive in the merger, any cash payment in lieu of a fractional share of WellPoint common stock and any dividends or other distributions with respect to WellPoint common stock with a record date after the completion of the merger and before such certificates are delivered to the exchange agent. The holder of such an unexchanged certificate will not be entitled to receive any dividends or other distributions payable by WellPoint until the certificate has been exchanged. Subject to applicable laws, following surrender of such certificates, such dividends and distributions, together with any cash payment in lieu of a fractional share of WellPoint common stock, will be paid without interest.

WellPoint will not issue any fractional shares of WellPoint common stock in the merger. Instead, a WellChoice stockholder who otherwise would have received a fraction of a share of WellPoint common stock will receive in lieu thereof, an amount in cash (without interest) determined by multiplying the fractional part of a share of WellPoint common stock by the closing price for a share of WellPoint common stock, as reported on the New York Stock Exchange, at the Effective Time, or, if such a day is not a business day, on the business day immediately preceding the Effective Time.

### **Treatment of WellChoice Stock Options and Stock Awards**

At the Effective Time, each WellChoice employee or director stock option (other than options held by WellChoice's President and Chief Executive Officer and/or its named executive officers) will become fully vested and exercisable and all restrictions will lapse with respect to each other WellChoice stock award (including shares of restricted stock and restricted stock units). Options held by WellChoice's President and Chief Executive Officer and/or its named executive officers will become fully vested at completion of the merger but will remain exercisable in accordance with the original terms of such options as set forth in the applicable option agreements (but, with regard to WellChoice's President and Chief Executive Officer, without taking into account any change in control provisions contained therein). However, if any such named executive officer (not including WellChoice's President and Chief Executive Officer) is involuntarily terminated (other than for cause) or such executive officer voluntarily terminates his or her employment for good reason (as such terms are defined in such executive officer's change in control retention agreements) within 24 months following consummation of the merger, such options will be immediately exercisable.

Each outstanding WellChoice employee and director stock option will be automatically converted, upon completion of the merger, into an option to purchase WellPoint common stock. The number of shares of WellPoint common stock underlying the new WellPoint option will equal the number of shares of WellChoice common stock for which the corresponding WellChoice option was exercisable, multiplied by the Option Exchange Ratio (as defined below), with any fractional share that results being rounded down to the nearest whole share. The per share exercise price of each new WellPoint option will equal the exercise price of the corresponding WellChoice option divided by the Option Exchange Ratio rounded up to the nearest whole cent. The Option Exchange Ratio is equal to the sum of 0.5191 plus a fraction, the numerator of which is \$38.25 and the denominator of which is the closing trading price of WellPoint common stock on the business day prior to the completion of the merger. All other terms of WellChoice options will, subject to the accelerated vesting and exercisability described above, remain unchanged after the conversion. WellPoint has agreed to assume WellChoice's obligations with respect to WellChoice stock options that are converted into WellPoint options as described above.





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At the completion of the merger, all other outstanding WellChoice stock awards held by employees and directors (including shares of restricted stock and restricted stock units but excluding stock options and awards under the WellChoice Employee Stock Purchase Plan) will be automatically converted into a right or award with respect to a number of shares of WellPoint common stock equal to the product of the number of shares of WellChoice common stock subject to such other WellChoice stock award multiplied by the Option Exchange Ratio, with any fractional shares rounded down to the nearest whole share. All other terms of the other WellChoice stock awards, subject to the accelerated vesting and exercisability and/or lapse of restrictions described above, will remain unchanged after the conversion.

WellPoint has agreed to file with the SEC a registration statement on Form S-8 no later than the completion of the merger to the extent necessary to register WellPoint common stock subject to the converted options and other stock awards.

## **Closing and Effective Time of the Merger**

*Closing.* The closing of the merger will take place on the business day after the date on which all closing conditions set forth in the merger agreement have been either satisfied or waived (other than any conditions which by their terms cannot be satisfied until the closing date) or such other time as agreed to in writing by WellPoint and WellChoice. We currently expect to complete the merger in the first quarter of 2006.

*Effective Time.* The merger will be effective upon the due filing of a certificate of merger with the Secretary of State of the State of Delaware and as required by the Delaware General Corporation Law, or at such subsequent time as WellPoint and WellChoice agree and specify in the certificate of merger (the date and time the merger becomes effective being the *Effective Time* ). Such filing of the certificate of merger will be made simultaneously with the closing of the transactions contemplated by the merger agreement.

## **Representations, Warranties, Covenants and Agreements**

The merger agreement contains various customary representations and warranties of WellPoint, WellPoint Holding Corp. and WellChoice. The representations and warranties made by WellChoice cover the following topics as they relate to WellChoice:

proper organization and good standing;

its capital structure;

the corporate authorization and enforceability of the merger agreement;

the filing and accuracy of its SEC reports and the preparation and accuracy of financial statements;

information supplied in this registration statement and proxy statement;

board approval;

the applicable shareholder vote required to complete the merger;

brokers and finders;

litigation and compliance with laws;

absence of any Material Adverse Effect (as defined below), and certain other changes or events;

the opinion of WellChoice's financial advisor;

taxes;

notices from governmental entities regarding accounting policies or practices under review or any off-balance sheet special purpose entities or financing arrangements;

compliance with the Sarbanes-Oxley Act of 2002 and other applicable securities law matters;

statutory financial statements;

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reserves;

affiliate transactions;

compliance with the Health Insurance Portability and Accountability Act of 1996;

off-balance sheet arrangements;

environmental matters;

intellectual property matters;

certain agreements;

employee benefit plan matters;

labor matters;

insurance; and

capital or surplus maintenance.

The representations made by WellPoint and WellPoint Holding Corp. cover the following topics as they relate to WellPoint and WellPoint Holding Corp.:

proper organization and good standing of each party;

their capital structure;

the corporate authorization and enforceability of the merger agreement;

the filing and accuracy of WellPoint's SEC reports and the preparation and accuracy of financial statements;

information supplied in this registration statement and proxy statement;

board approval;

no shareholder vote required to complete the merger; and

absence of any Material Adverse Effect (as defined below), and certain other changes or events.

Material Adverse Effect means, with respect to WellPoint or WellChoice, as the case may be, any effect that is materially adverse to the business, assets, operations or condition (financial or otherwise) of it and its subsidiaries, taken as a whole, other than any effect relating to:

- (1) the United States or global economy or securities markets in general;
- (2) the announcement of the merger agreement or the transactions contemplated by it;
- (3) changes in applicable law or regulations or in generally accepted accounting principles or regulatory accounting principles after the date of the merger agreement; or
- (4) general changes in the health benefits business after the date of the merger agreement;

provided that, with respect to each of clauses (1), (3) and (4), such effect is not more adverse with respect to it and its subsidiaries, taken as a whole, as the case may be, than the effect on comparable health benefits businesses generally.

#### **No Solicitation of Alternative Transactions**

The merger agreement provides that during its term, WellChoice will not, and will not permit any of its subsidiaries or any of its or its subsidiaries' directors, officers, employees, agents or representatives to, directly or indirectly, solicit, initiate, encourage or facilitate, or furnish or disclose non-public information in furtherance of, any inquiries or the making of any proposal or offer with respect to an Alternative Transaction (as defined

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below), or negotiate, explore or otherwise engage in discussions with any third-party with respect to an Alternative Transaction, or approve, endorse, recommend or authorize any Alternative Transaction, or enter into any agreement, arrangement or understanding with respect to any Alternative Transaction or requiring it to abandon, terminate or fail to consummate the merger or any other transactions contemplated by the merger agreement.

Despite this general prohibition on soliciting, encouraging, negotiating, recommending or engaging in discussions with respect to an Alternative Transaction, WellChoice may, at any time prior to the adoption of the merger agreement by WellChoice's stockholders, furnish information to, and negotiate or otherwise engage in discussions with, any party who delivers a bona fide written proposal for an Alternative Transaction which was not solicited, initiated, encouraged or facilitated after the date of the merger agreement, if and so long as the WellChoice board of directors reasonably determines in good faith by resolution duly adopted:

after consultation with its outside legal counsel, that providing such information or engaging in such negotiations or discussions would be required in order for the directors to comply with their fiduciary duties under Delaware law; and

that the proposal is, or is reasonably likely to lead to, a Superior Proposal (as defined below).

WellChoice has also agreed that, prior to providing any information or data to, or entering into any negotiations or discussions with, any such third-party or making any such recommendation in connection with a proposal or offer for an Alternative Transaction, it will receive from such third-party an executed confidentiality agreement containing terms and provisions at least as restrictive as those contained in the confidentiality agreement between WellChoice and WellPoint but not containing any exclusivity or other provision that would restrict WellChoice's ability to consummate the merger.

WellChoice has agreed to promptly notify WellPoint of any such inquiry, proposal or offer or discussion or negotiations and to provide WellPoint with the name of the person making the unsolicited bona fide written proposal for an Alternative Transaction. In addition, WellChoice has agreed to provide WellPoint with a summary of the material terms of such proposal or offer.

WellChoice has also agreed to keep WellPoint informed on a prompt basis regarding the status and material terms of any such proposals or offers and the status of any material developments in respect of any such discussions or negotiations, and that it will deliver to WellPoint a summary of any material changes to any such proposals or offers and all nonpublic information being furnished to the person proposing the Alternative Transaction. WellChoice agrees that it will immediately cease and cause to be terminated any existing activities, discussions or negotiations with any third-parties conducted prior to the merger agreement with respect to any Alternative Transaction and will not terminate, amend, modify or waive any provision of any confidentiality or standstill agreement with such a third-party and shall enforce, to the fullest extent permitted under applicable law, the provisions of any such agreement.

Alternative Transaction means any of the following events:

- (1) any tender or exchange offer, merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or other similar transaction (these transactions are referred to in this section as Business Combination Transactions) involving WellChoice or any of its subsidiaries with a party other than WellPoint, WellPoint Holding Corp., or any of their respective affiliates; or

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- (2) the acquisition by a third party of 10% or more of the outstanding shares of WellChoice common stock, or of 10% or more of the assets or operations of WellChoice and its subsidiaries, taken as a whole, in a single transaction or a series of related transactions.

Superior Proposal means a bona fide written proposal made by a person other than WellPoint or WellPoint Holding Corp. or any of their affiliates,

- (1) which is for a Business Combination Transaction involving, or any purchase or acquisition of,

- (A) more than 50% of the voting power of WellChoice's capital stock; or

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- (B) all or substantially all of the consolidated assets or operations of WellChoice and its subsidiaries; and
- (2) which is otherwise on terms which WellChoice's board of directors reasonably determines in good faith after consultation with its outside legal counsel and financial advisors,
  - (A) would result in a transaction that, if consummated, is more favorable to WellChoice's stockholders from a financial point of view than the merger or, if applicable, any proposal by WellPoint to amend the terms of the merger agreement taking into account all the terms and conditions of such proposal and the merger agreement; and
  - (B) is reasonably capable of being completed on the terms proposed, taking into account all financial, regulatory, legal and other aspects of such proposal.

## **Conduct of the Business of WellChoice Following the Merger**

Following the merger, WellChoice will be a wholly owned subsidiary of WellPoint. Pursuant to the merger agreement, the certificate of incorporation of WellPoint Holding Corp. as in effect immediately prior to the Effective Time will be the certificate of incorporation of the surviving corporation and thereafter may be amended in accordance with its terms and applicable law.

## **Expenses and Fees**

In general, each party will be responsible for all expenses incurred by it in connection with the transactions contemplated by the merger agreement. However, WellPoint and WellChoice will each pay one-half of the expenses incurred in connection with the filing, printing and mailing of this registration statement and the proxy statement, and the preparation and filing of any materials in connection with the HSR Act.

## **Conditions to the Completion of the Merger**

*Conditions to Each Party's Obligations to Complete the Merger.* The respective obligations of WellPoint, WellPoint Holding Corp. and WellChoice to effect the merger are subject to the satisfaction or waiver, at or prior to the completion of the merger, of the following conditions:

*No Injunctions or Restraints.* No judicial order or other legal impediment is in effect that would prevent or prohibit the completion of the merger or any of the other transactions contemplated by the merger agreement and no action or proceeding by a governmental entity has been instituted for that purpose.

*HSR Act.* The waiting period (and any extension thereof) applicable to the merger under the HSR Act will have been terminated or will have expired.

*Stock Exchange Listing.* The shares of WellPoint common stock to be issued in the merger have been approved for listing on the New York Stock Exchange, subject to official notice of issuance.

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*Effective Registration Statement.* This registration statement filed by WellPoint to register the shares of WellPoint common stock to be issued in the merger has been declared effective by the SEC and is not subject to any stop order suspending its effectiveness, and no proceeding for that purpose has been initiated or threatened by the SEC.

*WellChoice Stockholder Approval.* The merger agreement has been adopted by WellChoice's stockholders.

*Additional Conditions to the Obligations of WellPoint and WellPoint Holding Corp.* The obligations of WellPoint and WellPoint Holding Corp. to effect the merger are further subject to the satisfaction or waiver by WellPoint, at or prior to the completion of the merger, of the following conditions:

### *Representations and Warranties.*

- (1) WellChoice's representations and warranties in the merger agreement relating to, among other things, WellChoice's organizational documents, its capital structure, its corporate authority and



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power to enter into and consummate, and the enforceability of, the merger agreement, its reports and financial statements, and the board approval and the adoption by the stockholders of the merger agreement are true and correct in all respects as of the date of the merger agreement and as of the closing date as though made on and as of the closing date (except to the extent that such representations and warranties speak as of another date);

- (2) WellChoice's representations and warranties contained in the merger agreement relating to the absence of any change, circumstance or event, since December 31, 2004, which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on WellChoice are true and correct as of the date of the merger agreement and as of the closing date as if made on and as of the closing date;
- (3) The remainder of WellChoice's representations and warranties contained in the merger agreement (in each case, read without reference to any materiality, material or Material Adverse Effect qualifications) will be true and correct as of the date of the merger agreement and as of the closing date as if made on and as of the closing date (except to the extent that such representations and warranties speak as of another date), except for any failures to be true and correct that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on WellChoice; and
- (4) WellPoint has received a certificate of WellChoice's Chief Executive Officer and Chief Financial Officer to the effect described in (1), (2) and (3) above.

*Performance of Obligations of WellChoice.* WellChoice will have performed or complied in all material respects with all agreements and covenants required to have been performed by it under the merger agreement at or prior to the closing date of the merger and WellPoint will have received a certificate of WellChoice's Chief Executive Officer and Chief Financial Officer to that effect.

*Required Governmental Consents.* Specified governmental consents and approvals and any other material governmental consents or approvals required to consummate the transactions contemplated by the merger agreement must have been obtained and be in full force and effect; and provided that such required consents or approvals or the required approval of the Blue Cross Blue Shield Association do not, individually or in the aggregate, impose any Burdensome Term or Condition (as such term is defined in the merger agreement).

*Blue Cross Blue Shield Association.* Any required approval of the Blue Cross Blue Shield Association must have been obtained, so that the right of WellChoice's subsidiaries to use the Blue Cross and Blue Shield name in WellChoice's subsidiaries' licensed service areas remains in full force and effect after the merger; and provided that such required approval of the Blue Cross Blue Shield Association and the required consents and approvals referred to above, do not, individually or in the aggregate, impose any Burdensome Term or Condition (as such term is defined in the merger agreement).

*No Proceedings.* There must not be pending or threatened any suit, litigation, action or other proceeding relating to the transactions contemplated by the merger agreement.

*No Material Adverse Change.* No change, circumstance or event shall have occurred at any time on or after the date of the merger agreement that, individually or in the aggregate, shall have had or would reasonably be expected to have a Material Adverse Effect on WellChoice.

*Termination of Certain Agreement.* The registration rights agreement, dated as of November 7, 2002, by and among WellChoice, the Fund and The New York Charitable Asset Foundation shall have been terminated and be of no further force and effect, and neither WellPoint nor any of its subsidiaries will have any further obligations in connection with such agreement.

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*Tax Opinion.* Unless the reverse merger election is made, WellPoint shall have received a written opinion of White & Case LLP, on or before the date this registration statement becomes effective and, subsequently, on the closing date of the merger, that (1) the merger will be treated for federal income

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tax purposes as a reorganization within the meaning of Section 368(a) of the Code and (2) WellPoint and WellChoice will each be a party to the reorganization within the meaning of Section 368(b) of the Code.

*State PBM Contract.* A contract related to insuring and administrating a prescription drug program in the State of New York shall have been executed by WellChoice and/or its applicable subsidiary on terms consistent in all material respects with the terms previously disclosed by WellChoice to WellPoint, or such other terms reasonably acceptable to WellPoint, and such contract shall be in full force and effect.

*Additional Conditions to the Obligations of WellChoice.* The obligations of WellChoice to effect the merger are further subject to the satisfaction or waiver by WellChoice, at or prior to the completion of the merger, of the following additional conditions:

### *Representations and Warranties.*

- (1) WellPoint's representations and warranties contained in the merger agreement relating to WellPoint's organizational documents, its capital structure, the board approval of the merger agreement and the absence of any change, circumstance or event, since December 31, 2004, which has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on WellPoint are true and correct as of the date of the merger agreement and as of the closing date as if made on and as of the closing date;
- (2) The remainder of WellPoint's and WellPoint Holding Corp.'s representations and warranties contained in the merger agreement (in each case, read without reference to any materiality, material or Material Adverse Effect qualifications) are true and correct as of the date of the merger agreement and as of the closing date as if made on and as of the closing date (except to the extent that such representations and warranties speak as of another date), except for any failures to be true and correct that would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect on WellPoint;
- (3) WellChoice has received a certificate of WellPoint's Chief Executive Officer and Chief Financial Officer to the effect described in (1) and (2).

*Performance of Obligations of WellPoint and WellPoint Holding Corp.* WellPoint and WellPoint Holding Corp. will have performed or complied in all material respects with all agreements and covenants required to be performed by them under the merger agreement at or prior to the closing of the merger and WellChoice will have received a certificate of WellPoint's Chief Executive Officer and Chief Financial Officer to that effect.

*Tax Opinion.* Unless the reverse merger election is made, WellChoice will have received a written opinion of Gibson, Dunn & Crutcher LLP, on or before the date this registration statement becomes effective and, subsequently, on the closing date of the merger, that (1) the merger will be treated for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code; and (2) WellPoint and WellChoice will each be a party to the reorganization within the meaning of Section 368(b) of the Code.

*Blue Cross Blue Shield Association.* Any required approval of the Blue Cross Blue Shield Association must have been obtained, so that the right of WellChoice's subsidiaries to use the Blue Cross and Blue Shield name in WellChoice's subsidiaries' licensed service areas remains in full force and effect after the merger.

### **Conduct of Business of WellChoice Pending the Merger**

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Pursuant to the merger agreement, WellChoice has agreed that, prior to the Effective Time, except as otherwise agreed to by WellPoint in writing or as expressly contemplated by the merger agreement, it will, and will cause each of its subsidiaries to, conduct their respective businesses in the ordinary course of business and in a manner consistent with past practice and in compliance with applicable laws and, except as expressly

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contemplated by the merger agreement will use commercially reasonable efforts to preserve substantially intact their respective business organizations, to keep available the services of the present officers and employees and to preserve the present relationships with significant customers, suppliers, licensors, licensees or distributors with which WellChoice or any of its subsidiaries has significant business relations.

Additionally, without the prior written consent of WellPoint (which consent will not be unreasonably withheld or delayed) WellChoice has agreed that, prior to the Effective Time, neither WellChoice nor any of its subsidiaries will, subject to previously agreed exceptions:

amend its organizational documents;

except as disclosed to WellPoint pursuant to the merger agreement, issue, deliver, sell, pledge, dispose of or encumber, or authorize or commit to the issuance, sale, pledge, disposition or encumbrance of, any shares of any class of capital stock, any options, warrants, convertible securities or other rights of any kind to acquire any shares of capital stock or any other ownership interest, of WellChoice or any of its subsidiaries, except pursuant to options or other rights outstanding as of the date of the merger agreement under any WellChoice benefits plan;

declare, set aside, make or pay any dividend or other distribution, with respect to any of its capital stock, other than dividends payable by a directly or indirectly wholly owned subsidiary of WellChoice to WellChoice or to another directly or indirectly wholly owned subsidiary of WellChoice;

acquire by merger, consolidation, or acquisition of stock or assets, any corporation, partnership or other business organization or division or line of business;

modify its current investment policies or practices in any material respect, except as a result of changes in applicable law;

transfer, sell, lease, mortgage, or otherwise dispose of or subject to any lien any of its assets, including capital stock of WellChoice or its subsidiaries, except permitted liens and equipment and property no longer used in the operation of WellChoice or its subsidiaries' business, other than in the ordinary course of business consistent with past practice;

except as may be required as a result of a change in law or in generally accepted accounting or actuarial principles, make any change to its accounting practices or principles, or reserving or underwriting practices or principles;

settle or compromise any pending or threatened suit, action or claim (other than the payment of health benefit claims on behalf of customers of WellChoice) involving a payment by WellChoice or any of its subsidiaries in excess of \$2,000,000;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of WellChoice or any of its subsidiaries;

fail to use commercially reasonable efforts to maintain in full force and effect the existing insurance policies covering WellChoice or its subsidiaries or their respective properties, assets and businesses or comparable replacement policies;

authorize or make capital expenditures other than aggregate capital expenditures during the fiscal years 2005 and 2006 not to exceed amounts disclosed to WellPoint pursuant to the merger agreement;

(i) make any material tax election or settle or compromise any material federal, state, local or foreign tax liability, change any annual tax accounting period, change any material method of tax accounting, enter into any closing agreement relating to any tax or surrender any right to claim a tax refund, or (ii) consent, without providing advance notice to WellPoint, to any extension or waiver of the limitations period applicable to any tax claim or assessment;

reclassify, combine, split, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock, stock options or debt securities;

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(i) repay or retire any indebtedness for borrowed money or repurchase or redeem any debt securities; (ii) incur any indebtedness for borrowed money, or issue any debt securities; or (iii) assume, guarantee or endorse, or otherwise as an accommodation become responsible for, any obligations or loans or capital contributions to, or investments in, any other person, other than providers of WellChoice or any of its subsidiaries in the ordinary course of business consistent with past practice;

enter into or renew, extend, materially amend or otherwise materially modify (i) any WellChoice material contract, (ii) any other contract or agreement (as such terms are defined in the merger agreement), or (iii) except for any agreement that is not inconsistent with the procedure for the payment of dividends by WellChoice's subsidiaries as set forth in the merger agreement, an agreement with an affiliate of WellChoice;

except as disclosed to WellPoint pursuant to the merger agreement and to the extent required by the merger agreement or applicable law, increase the compensation or fringe benefits of any of its directors, officers or employees, except for increases in salary or wages of officers and employees of WellChoice or its subsidiaries in the ordinary course of business in accordance with past practice, or grant any severance or termination pay not currently required to be paid under existing severance plans or enter into, or amend, any employment, consulting or severance agreement or arrangement with any present or former director, officer or employee of WellChoice or its subsidiaries or establish, adopt, enter into or amend or terminate any collective bargaining, bonus, profit sharing, thrift, compensation, stock option, restricted stock, pension, retirement, deferred compensation, employment, termination, welfare, severance or other plan, agreement, trust, fund, policy or arrangement for the benefit of any directors, officers or employees, except for any plan amendments to comply with Section 409A of the Internal Revenue Code;

create any new products or expand its marketing efforts beyond those states in which its products are offered as of the date of the merger agreement;

grant any license with respect to intellectual property other than non-exclusive licenses granted in the ordinary course of business;

take any action or omit to take any action that would reasonably be expected to cause any intellectual property used or held for use in WellChoice's business to become invalidated, abandoned or dedicated to the public domain;

take or fail to take any action, or permit any of its subsidiaries to take or fail to take any action that would prevent the merger from qualifying as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code;

except as disclosed to WellPoint pursuant to the merger agreement, effectuate a plant closing or mass layoff as those terms are defined in the Worker Adjustment and Retraining Notification Act, affecting in whole or in part any site of employment, facility, operating unit or employee of WellChoice or any of its subsidiaries;

pay, discharge or satisfy any claims, liabilities or obligations, other than the payment, discharge or satisfaction, in the ordinary course of business and consistent with past practice, of liabilities reflected or reserved against in the financial statements of WellChoice or incurred in the ordinary course of business and consistent with past practice;

take or fail to take, or permit any of its subsidiaries to take or fail to take, any action that would adversely affect the conversion from qualifying as a reorganization; or

take, or offer or propose to take, or agree to take in writing or otherwise, any of the actions described above which would result in any of the conditions set forth in the merger agreement not being satisfied or would materially delay the closing.

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### **Conduct of Business of WellPoint Pending the Merger**

Pursuant to the merger agreement, WellPoint has agreed that, prior to the completion of the merger, except as agreed to by WellChoice in writing, it will not, and will cause each of its subsidiaries to not:

amend its organizational documents; or

declare, set aside or pay any dividend or other distribution (other than in connection with repurchases of WellPoint common stock made in accordance with WellPoint's stock repurchase program in accordance with Rule 10b-18 of the Exchange Act), payable in cash, stock or property, with respect to any of its capital stock, other than dividends or distributions payable by a directly or indirectly wholly owned subsidiary of WellPoint to WellPoint or to another directly or indirectly wholly owned subsidiary of WellPoint.

### **Additional Covenants**

*Board Recommendations.* WellChoice has agreed that its board of directors (i) will declare the merger agreement, the merger and the other transactions contemplated by the merger agreement advisable, fair to and in the best interests of WellChoice and the stockholders of WellChoice and recommend the adoption of the merger agreement by WellChoice's stockholders, and include such recommendation in the proxy statement relating to the adoption by WellChoice's stockholders of the merger agreement; (ii) will use its commercially reasonable efforts to solicit and obtain such adoption; and (iii) will not (A) withhold, withdraw, amend or modify in any manner averse to WellPoint such recommendation or (B) take any other action or make any other public statement inconsistent with such recommendation.

If, prior to the adoption of the merger agreement by WellChoice's stockholders, WellChoice's board of directors receives a Superior Proposal and reasonably determines in good faith by resolution duly adopted after consultation with outside legal counsel, that the failure to take such action would constitute a breach of its fiduciary duties under Delaware law, the board may effect a Change in Company Recommendation (as such term is defined in the merger agreement) provided that, prior to the taking of such action, WellChoice has given WellPoint five business days prior written notice of its intention to do so (unless at the time such notice is otherwise required to be given there are less than five business days until WellChoice's stockholders meeting, in which case WellChoice shall provide as much notice as reasonably practicable) and during such time, WellChoice, if requested by WellPoint, has engaged in good faith negotiations with WellPoint to amend the merger agreement so that WellChoice's board of directors can continue to recommend the adoption of the merger agreement, and subject to WellPoint's right to terminate the merger agreement as described under Termination Fees on page 89. WellChoice has agreed that, even if its board of directors effects a Change in Company Recommendation, it will not change its approval of the merger agreement, the voting agreement or any other board approval that would have the effect of causing the stock ownership restrictions or any other antitakeover provisions in its certificate of incorporation or any state takeover statute or similar statute to be applicable to the merger, or change WellChoice's obligation to submit the merger agreement to its stockholders for adoption. WellChoice is required to present the merger agreement for adoption at the WellChoice stockholders meeting on the earliest practicable date (but not more than 30 days) after the Form S-4 becomes effective. Notwithstanding any Change in Company Recommendation by WellChoice's board of directors, if the merger agreement is not otherwise terminated by either WellChoice or WellPoint in accordance with the terms of the merger agreement, the merger agreement will be submitted to the stockholders of WellChoice at the WellChoice stockholders meeting for the purpose of voting on adopting the merger agreement, and nothing contained in the merger agreement will relieve WellChoice of this obligation. WellChoice may disclose to its stockholders its position with respect to a tender offer or that a proposal for an Alternative Transaction has been made and the material terms of such proposal, if such disclosure is advisable under applicable law.

*Transition Team.* In accordance with the merger agreement, WellPoint and WellChoice have established a transition planning team comprised of an equal number of representatives of WellPoint and WellChoice. Subject to applicable law, the transition team is responsible for facilitating a



transition and integration planning process

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to ensure the successful combination of the operations of WellPoint and WellChoice. Subject to applicable law, the transition team is responsible for developing, and monitoring the development of, and deliverables due under, an action plan for the combination of the businesses.

*Employee Benefits Matters.* From the completion of the merger until June 30, 2006, WellChoice's and its subsidiaries' current and former employees (other than those current and former employees whose terms and conditions of employment are subject to a collective bargaining agreement) will receive compensation and benefits that are in the aggregate no less favorable than the lesser of the compensation and benefits provided to such persons as of the completion of the merger or the compensation and benefits provided to similarly situated employees of WellPoint. All preexisting conditions, exclusions and waiting periods regarding participation and coverage requirements will be waived for WellChoice's or its subsidiaries' employees when they enter WellPoint health and welfare plans, and all deductibles, coinsurance or maximum out-of-pocket payments made by such employees during the applicable plan year in which such employees first participate in the corresponding WellPoint plan will reduce the amount of such payments made under such WellPoint plans. WellPoint will recognize service credit for service with WellChoice and its subsidiaries for purposes of eligibility and vesting credit and, solely with respect to severance pay obligations, levels of benefits for any WellPoint plan in which WellChoice's or its subsidiaries' employees will be eligible to participate, provided that no credit will be given to the extent that it would result in the duplication of benefits.

WellChoice will terminate the WellChoice Employee Stock Purchase Plan immediately prior to the merger and all participants will automatically exercise their purchase rights immediately prior to the termination of the plan. WellChoice's or its subsidiaries' employees will participate in the WellPoint Employee Stock Purchase Plan no later than the second quarterly cycle which begins after the merger.

*Takeover Statutes.* WellChoice and its board of directors shall, if any takeover statute or similar statute or regulation of any state becomes or may become applicable to the merger agreement, the merger, the voting agreement or any other transactions contemplated by the merger agreement and the voting agreement, grant such approvals and take such actions as are necessary to ensure that the merger, and the other transactions contemplated by the merger agreement and the voting agreement may be consummated as promptly as practicable and otherwise to minimize the effect of such statute or regulation on the merger agreement, the voting agreement, the merger and the other transactions contemplated by the merger agreement and the voting agreement.

*Other Obligations.* From and after the date of the merger agreement until the closing of the merger, except with WellPoint's prior written consent, WellChoice will cause each of its subsidiaries that is an insurance company or health maintenance organization to pay dividends at the earliest practicable time in the ordinary course of business consistent with the past practice of such subsidiary, subject to any required approval or consent of any applicable regulatory authorities.

*Stockholder Litigation.* WellChoice shall promptly advise WellPoint orally and in writing of any stockholder litigation against WellChoice and/or its directors relating to the merger agreement, the merger, and/or the transactions contemplated by the merger agreement and will keep WellPoint fully informed of any such stockholder litigation. WellChoice will give WellPoint the opportunity to consult with WellChoice regarding the defense or settlement of any such stockholder litigation, will give consideration to WellPoint's advice, and will not settle any such litigation prior to consultation and consideration.

## **Indemnification and Insurance**

The merger agreement provides that, for six years following the Effective Time, WellPoint will cause WellPoint Holding Corp. to indemnify and hold harmless, and provide advancement of expenses to, the present and former directors