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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

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**FORM 10-Q**

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(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the Quarterly Period ended March 31, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 001-16751

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**WELLPOINT, INC.**

(Exact name of registrant as specified in its charter)

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**INDIANA**

(State or other jurisdiction of  
incorporation or organization)

**120 MONUMENT CIRCLE;  
INDIANAPOLIS, INDIANA**

(Address of principal executive offices)

**35-2145715**

(I.R.S. Employer  
Identification Number)

**46204-4903**

(Zip Code)

**Registrant's telephone number, including area code: (317) 488-6000**

**Not Applicable**

(Former name, former address and former fiscal year, if changed since last report)

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Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer", and "smaller reporting company" in Rule 12b-2 of the Exchange Act:

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

| <u>Title of Each Class</u>     | <u>Outstanding at April 11, 2013</u> |
|--------------------------------|--------------------------------------|
| Common Stock, \$0.01 par value | 300,362,528 shares                   |

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**WellPoint, Inc.**  
**Quarterly Report on Form 10-Q**  
**For the Period Ended March 31, 2013**  
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### PART I. FINANCIAL INFORMATION ITEM 1. FINANCIAL STATEMENTS

#### WellPoint, Inc. Consolidated Balance Sheets

|                                                                                                                             | March 31,<br>2013<br>(Unaudited) | December 31,<br>2012 |
|-----------------------------------------------------------------------------------------------------------------------------|----------------------------------|----------------------|
| <i>(In millions, except share data)</i>                                                                                     |                                  |                      |
| <b>Assets</b>                                                                                                               |                                  |                      |
| Current assets:                                                                                                             |                                  |                      |
| Cash and cash equivalents                                                                                                   | \$ 1,665.3                       | \$ 2,484.6           |
| Investments available-for-sale, at fair value:                                                                              |                                  |                      |
| Fixed maturity securities (amortized cost of \$17,006.7 and \$16,033.1)                                                     | 17,819.1                         | 16,912.9             |
| Equity securities (cost of \$904.0 and \$869.9)                                                                             | 1,355.4                          | 1,212.4              |
| Other invested assets, current                                                                                              | 17.0                             | 14.8                 |
| Accrued investment income                                                                                                   | 172.9                            | 162.2                |
| Premium and self-funded receivables                                                                                         | 4,098.9                          | 3,687.4              |
| Other receivables                                                                                                           | 928.2                            | 928.8                |
| Income taxes receivable                                                                                                     | —                                | 228.5                |
| Securities lending collateral                                                                                               | 577.5                            | 564.6                |
| Deferred tax assets, net                                                                                                    | 135.4                            | 243.2                |
| Other current assets                                                                                                        | 1,891.0                          | 1,829.0              |
| Total current assets                                                                                                        | 28,660.7                         | 28,268.4             |
| Long-term investments available-for-sale, at fair value:                                                                    |                                  |                      |
| Fixed maturity securities (amortized cost of \$464.4 and \$426.0)                                                           | 468.6                            | 431.5                |
| Equity securities (cost of \$27.0 and \$27.1)                                                                               | 30.2                             | 30.1                 |
| Other invested assets, long-term                                                                                            | 1,482.4                          | 1,387.7              |
| Property and equipment, net                                                                                                 | 1,738.1                          | 1,738.3              |
| Goodwill                                                                                                                    | 17,489.5                         | 17,510.5             |
| Other intangible assets                                                                                                     | 9,055.8                          | 9,102.8              |
| Other noncurrent assets                                                                                                     | 483.3                            | 486.1                |
| <b>Total assets</b>                                                                                                         | <b>\$ 59,408.6</b>               | <b>\$ 58,955.4</b>   |
| <b>Liabilities and shareholders' equity</b>                                                                                 |                                  |                      |
| <b>Liabilities</b>                                                                                                          |                                  |                      |
| Current liabilities:                                                                                                        |                                  |                      |
| Policy liabilities:                                                                                                         |                                  |                      |
| Medical claims payable                                                                                                      | \$ 6,215.4                       | \$ 6,174.5           |
| Reserves for future policy benefits                                                                                         | 57.3                             | 61.3                 |
| Other policyholder liabilities                                                                                              | 2,359.7                          | 2,345.7              |
| Total policy liabilities                                                                                                    | 8,632.4                          | 8,581.5              |
| Unearned income                                                                                                             | 865.7                            | 896.8                |
| Accounts payable and accrued expenses                                                                                       | 2,936.8                          | 3,132.5              |
| Income taxes payable                                                                                                        | 204.8                            | —                    |
| Security trades pending payable                                                                                             | 215.5                            | 69.3                 |
| Securities lending payable                                                                                                  | 577.5                            | 564.7                |
| Short-term borrowings                                                                                                       | 350.0                            | 250.0                |
| Current portion of long-term debt                                                                                           | 399.4                            | 557.1                |
| Other current liabilities                                                                                                   | 1,848.0                          | 1,785.0              |
| Total current liabilities                                                                                                   | 16,030.1                         | 15,836.9             |
| Long-term debt, less current portion                                                                                        | 14,030.0                         | 14,170.8             |
| Reserves for future policy benefits, noncurrent                                                                             | 770.8                            | 750.8                |
| Deferred tax liabilities, net                                                                                               | 3,287.9                          | 3,381.0              |
| Other noncurrent liabilities                                                                                                | 971.8                            | 1,013.2              |
| <b>Total liabilities</b>                                                                                                    | <b>35,090.6</b>                  | <b>35,152.7</b>      |
| Commitment and contingencies - Note 9                                                                                       |                                  |                      |
| <b>Shareholders' equity</b>                                                                                                 |                                  |                      |
| Preferred stock, without par value, shares authorized – 100,000,000; shares issued and outstanding – none                   | —                                | —                    |
| Common stock, par value \$0.01, shares authorized – 900,000,000; shares issued and outstanding: 300,693,279 and 304,715,144 | 3.0                              | 3.0                  |
| Additional paid-in capital                                                                                                  | 10,697.4                         | 10,853.5             |
| Retained earnings                                                                                                           | 13,275.1                         | 12,647.1             |
| Accumulated other comprehensive income                                                                                      | 342.5                            | 299.1                |
| <b>Total shareholders' equity</b>                                                                                           | <b>24,318.0</b>                  | <b>23,802.7</b>      |
| <b>Total liabilities and shareholders' equity</b>                                                                           | <b>\$ 59,408.6</b>               | <b>\$ 58,955.4</b>   |

See accompanying notes.

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### WellPoint, Inc. Consolidated Statements of Income (Unaudited)

|                                                                                            | Three Months Ended<br>March 31 |                  |
|--------------------------------------------------------------------------------------------|--------------------------------|------------------|
|                                                                                            | 2013                           | 2012             |
| <i>(In millions, except per share data)</i>                                                |                                |                  |
| <b>Revenues</b>                                                                            |                                |                  |
| Premiums                                                                                   | \$16,435.6                     | \$14,138.5       |
| Administrative fees                                                                        | 990.1                          | 995.8            |
| Other revenue                                                                              | 120.6                          | 15.9             |
| <b>Total operating revenue</b>                                                             | <b>17,546.3</b>                | <b>15,150.2</b>  |
| Net investment income                                                                      | 162.0                          | 169.0            |
| Net realized gains on investments                                                          | 16.8                           | 106.9            |
| Other-than-temporary impairment losses on investments:                                     |                                |                  |
| Total other-than-temporary impairment losses on investments                                | (37.9)                         | (13.7)           |
| Portion of other-than-temporary impairment losses recognized in other comprehensive income | —                              | 2.8              |
| Other-than-temporary impairment losses recognized in income                                | (37.9)                         | (10.9)           |
| <b>Total revenues</b>                                                                      | <b>17,687.2</b>                | <b>15,415.2</b>  |
| <b>Expenses</b>                                                                            |                                |                  |
| Benefit expense                                                                            | 13,748.7                       | 11,771.9         |
| Selling, general and administrative expense:                                               |                                |                  |
| Selling expense                                                                            | 385.9                          | 393.3            |
| General and administrative expense                                                         | 1,979.1                        | 1,772.4          |
| <b>Total selling, general and administrative expense</b>                                   | <b>2,365.0</b>                 | <b>2,165.7</b>   |
| Cost of products                                                                           | 65.0                           | —                |
| Interest expense                                                                           | 153.5                          | 109.1            |
| Amortization of other intangible assets                                                    | 67.9                           | 58.7             |
| <b>Total expenses</b>                                                                      | <b>16,400.1</b>                | <b>14,105.4</b>  |
| <b>Income before income tax expense</b>                                                    | <b>1,287.1</b>                 | <b>1,309.8</b>   |
| Income tax expense                                                                         | 401.9                          | 453.3            |
| <b>Net income</b>                                                                          | <b>\$ 885.2</b>                | <b>\$ 856.5</b>  |
| <b>Net income per share</b>                                                                |                                |                  |
| Basic                                                                                      | \$ 2.92                        | \$ 2.56          |
| Diluted                                                                                    | \$ 2.89                        | \$ 2.53          |
| <b>Dividends per share</b>                                                                 | <b>\$ 0.3750</b>               | <b>\$ 0.2875</b> |

See accompanying notes.

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**WellPoint, Inc.**  
**Consolidated Statements of Comprehensive Income**  
(Unaudited)

|                                                                                         | Three Months Ended<br>March 31 |                 |
|-----------------------------------------------------------------------------------------|--------------------------------|-----------------|
| <i>(In millions)</i>                                                                    | 2013                           | 2012            |
| <b>Net income</b>                                                                       | \$ 885.2                       | \$ 856.5        |
| <b>Other comprehensive income, net of tax:</b>                                          |                                |                 |
| Change in net unrealized gains/losses on investments                                    | 34.5                           | 107.3           |
| Change in non-credit component of other-than-temporary impairment losses on investments | 2.2                            | 4.8             |
| Change in net unrealized gains/losses on cash flow hedges                               | 0.7                            | 0.6             |
| Change in net periodic pension and postretirement costs                                 | 6.8                            | 6.7             |
| Foreign currency translation adjustments                                                | (0.8)                          | 0.7             |
| <b>Other comprehensive income</b>                                                       | 43.4                           | 120.1           |
| <b>Total comprehensive income</b>                                                       | <u>\$ 928.6</u>                | <u>\$ 976.6</u> |

See accompanying notes.

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### WellPoint, Inc. Consolidated Statements of Cash Flows (Unaudited)

|                                                                                      | Three Months Ended<br>March 31 |                   |
|--------------------------------------------------------------------------------------|--------------------------------|-------------------|
|                                                                                      | 2013                           | 2012              |
| <i>(In millions)</i>                                                                 |                                |                   |
| <b>Operating activities</b>                                                          |                                |                   |
| Net income                                                                           | \$ 885.2                       | \$ 856.5          |
| Adjustments to reconcile net income to net cash provided by operating activities:    |                                |                   |
| Net realized gains on investments                                                    | (16.8)                         | (106.9)           |
| Other-than-temporary impairment losses recognized in income                          | 37.9                           | 10.9              |
| Loss on disposal of assets                                                           | 0.7                            | 0.3               |
| Deferred income taxes                                                                | 9.1                            | 59.9              |
| Amortization, net of accretion                                                       | 186.7                          | 155.2             |
| Depreciation expense                                                                 | 25.3                           | 23.5              |
| Share-based compensation                                                             | 21.5                           | 32.5              |
| Excess tax benefits from share-based compensation                                    | (4.2)                          | (19.3)            |
| Changes in operating assets and liabilities, net of effect of business combinations: |                                |                   |
| Receivables, net                                                                     | (397.7)                        | (302.3)           |
| Other invested assets                                                                | (8.2)                          | (21.3)            |
| Other assets                                                                         | (58.6)                         | (74.3)            |
| Policy liabilities                                                                   | 70.9                           | (79.0)            |
| Unearned income                                                                      | (31.1)                         | 697.6             |
| Accounts payable and accrued expenses                                                | (224.0)                        | (388.3)           |
| Other liabilities                                                                    | 35.1                           | (2.9)             |
| Income taxes                                                                         | 435.6                          | 391.0             |
| Other, net                                                                           | (10.5)                         | (10.0)            |
| <b>Net cash provided by operating activities</b>                                     | <b>956.9</b>                   | <b>1,223.1</b>    |
| <b>Investing activities</b>                                                          |                                |                   |
| Purchases of fixed maturity securities                                               | (3,955.5)                      | (3,252.4)         |
| Proceeds from fixed maturity securities:                                             |                                |                   |
| Sales                                                                                | 2,531.8                        | 2,731.5           |
| Maturities, calls and redemptions                                                    | 490.8                          | 477.6             |
| Purchases of equity securities                                                       | (109.8)                        | (100.4)           |
| Proceeds from sales of equity securities                                             | 87.4                           | 163.7             |
| Purchases of other invested assets                                                   | (127.5)                        | (34.7)            |
| Proceeds from sales of other invested assets                                         | 7.6                            | 3.8               |
| Changes in securities lending collateral                                             | (12.9)                         | 156.6             |
| Purchases of subsidiaries, net of cash acquired                                      | —                              | (1.2)             |
| Purchases of property and equipment                                                  | (107.5)                        | (123.8)           |
| Other, net                                                                           | —                              | (0.6)             |
| <b>Net cash (used in) provided by investing activities</b>                           | <b>(1,195.6)</b>               | <b>20.1</b>       |
| <b>Financing activities</b>                                                          |                                |                   |
| Net proceeds from commercial paper borrowings                                        | 260.3                          | 37.8              |
| Repayments of long-term borrowings                                                   | (556.9)                        | (350.8)           |
| Proceeds from short-term borrowings                                                  | 100.0                          | 100.0             |
| Repayments of short-term borrowings                                                  | —                              | (100.0)           |
| Changes in securities lending payable                                                | 12.8                           | (156.6)           |
| Changes in bank overdrafts                                                           | 30.4                           | 23.2              |
| Repurchase and retirement of common stock                                            | (340.2)                        | (679.8)           |
| Cash dividends                                                                       | (113.4)                        | (95.8)            |
| Proceeds from issuance of common stock under employee stock plans                    | 23.7                           | 35.7              |
| Excess tax benefits from share-based compensation                                    | 4.2                            | 19.3              |
| <b>Net cash used in financing activities</b>                                         | <b>(579.1)</b>                 | <b>(1,167.0)</b>  |
| <b>Effect of foreign exchange rates on cash and cash equivalents</b>                 | <b>(1.5)</b>                   | <b>1.3</b>        |
| Change in cash and cash equivalents                                                  | (819.3)                        | 77.5              |
| Cash and cash equivalents at beginning of period                                     | 2,484.6                        | 2,201.6           |
| <b>Cash and cash equivalents at end of period</b>                                    | <b>\$ 1,665.3</b>              | <b>\$ 2,279.1</b> |

See accompanying notes.

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### WellPoint, Inc. Consolidated Statements of Shareholders' Equity (Unaudited)

|                                                                                     | Common Stock        |               | Additional<br>Paid-in<br>Capital | Retained<br>Earnings | Accumulated<br>Other<br>Comprehensive<br>Income | Total<br>Shareholders'<br>Equity |
|-------------------------------------------------------------------------------------|---------------------|---------------|----------------------------------|----------------------|-------------------------------------------------|----------------------------------|
|                                                                                     | Number of<br>Shares | Par<br>Value  |                                  |                      |                                                 |                                  |
| <i>(In millions)</i>                                                                |                     |               |                                  |                      |                                                 |                                  |
| January 1, 2013                                                                     | 304.7               | \$ 3.0        | \$10,853.5                       | \$12,647.1           | \$ 299.1                                        | \$ 23,802.7                      |
| Net income                                                                          | —                   | —             | —                                | 885.2                | —                                               | 885.2                            |
| Other comprehensive income                                                          | —                   | —             | —                                | —                    | 43.4                                            | 43.4                             |
| Repurchase and retirement of common stock                                           | (5.5)               | —             | (200.5)                          | (143.0)              | —                                               | (343.5)                          |
| Convertible debenture tax adjustment                                                | —                   | —             | (4.0)                            | —                    | —                                               | (4.0)                            |
| Dividends and dividend equivalents                                                  | —                   | —             | —                                | (114.2)              | —                                               | (114.2)                          |
| Issuance of common stock under employee stock plans,<br>net of related tax benefits | 1.5                 | —             | 48.4                             | —                    | —                                               | 48.4                             |
| March 31, 2013                                                                      | <u>300.7</u>        | <u>\$ 3.0</u> | <u>\$10,697.4</u>                | <u>\$13,275.1</u>    | <u>\$ 342.5</u>                                 | <u>\$ 24,318.0</u>               |
| January 1, 2012                                                                     | 339.4               | 3.4           | \$11,679.2                       | \$11,490.7           | \$ 114.9                                        | \$ 23,288.2                      |
| Net income                                                                          | —                   | —             | —                                | 856.5                | —                                               | 856.5                            |
| Other comprehensive income                                                          | —                   | —             | —                                | —                    | 120.1                                           | 120.1                            |
| Repurchase and retirement of common stock                                           | (10.2)              | (0.1)         | (350.3)                          | (329.4)              | —                                               | (679.8)                          |
| Dividends and dividend equivalents                                                  | —                   | —             | —                                | (96.7)               | —                                               | (96.7)                           |
| Issuance of common stock under employee stock plans,<br>net of related tax benefits | 2.6                 | —             | 40.1                             | —                    | —                                               | 40.1                             |
| March 31, 2012                                                                      | <u>331.8</u>        | <u>\$ 3.3</u> | <u>\$11,369.0</u>                | <u>\$11,921.1</u>    | <u>\$ 235.0</u>                                 | <u>\$ 23,528.4</u>               |

See accompanying notes.

**WellPoint, Inc.**  
**Notes to Consolidated Financial Statements**  
**(Unaudited)**  
**March 31, 2013**

*(In Millions, Except Per Share Data or As Otherwise Stated Herein)*

**1. Organization**

References to the terms “we”, “our”, “us”, “WellPoint” or the “Company” used throughout these Notes to Consolidated Financial Statements refer to WellPoint, Inc., an Indiana corporation, and unless the context otherwise requires, its direct and indirect subsidiaries.

We are one of the largest health benefits companies in the United States, serving 35.8 medical members through our affiliated health plans and approximately 68.0 individuals through all subsidiaries as of March 31, 2013. We offer a broad spectrum of network-based managed care plans to large and small employer, individual, Medicaid and senior markets. Our managed care plans include: preferred provider organizations, or PPOs; health maintenance organizations, or HMOs; point-of-service, or POS, plans; traditional indemnity plans and other hybrid plans, including consumer-driven health plans, or CDHPs; and hospital only and limited benefit products. In addition, we provide 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, disease management, wellness programs and other administrative services. We provide an array of specialty and other insurance products and services such as behavioral health benefit services, dental, vision, life and disability insurance benefits, radiology benefit management, analytics-driven personal health care guidance and long-term care insurance. We also provide services to the Federal Government in connection with the Federal Employee Program, or FEP, and various Medicare programs. Finally, we sell contact lenses, eyeglasses and other ocular products through our 1-800 CONTACTS, Inc., or 1-800 CONTACTS, business.

We are an independent licensee of the Blue Cross and Blue Shield Association, or BCBSA, an association of independent health benefit plans. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield, or BCBS, licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (as the BCBS licensee in 10 New York City metropolitan and surrounding counties and as the Blue Cross or BCBS licensee in selected upstate counties only), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. In a majority of these service areas we do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, Blue Cross and Blue Shield of Georgia, Empire Blue Cross Blue Shield, or Empire Blue Cross (in our New York service areas). Through our AMERIGROUP Corporation subsidiary, or Amerigroup, we conduct business in Florida, Georgia, Kansas, Louisiana, Maryland, Nevada, New Jersey, New Mexico, New York, Ohio, Tennessee, Texas and Washington. We also serve customers throughout the country as UniCare, and in certain Arizona, California, Nevada, New York and Virginia markets through our CareMore Health Group, Inc., or CareMore, subsidiary. We are licensed to conduct insurance operations in all 50 states through our subsidiaries.

**2. Basis of Presentation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, for interim financial reporting. Accordingly, they do not include all of the information and footnotes required by GAAP for complete financial statements. We have omitted certain footnote disclosures that would substantially duplicate the disclosures in our 2012 Annual Report on Form 10-K, unless the information contained in those disclosures materially changed or is required by GAAP. In the opinion of management, all adjustments, including normal recurring adjustments, necessary for a fair statement of the consolidated financial statements as of and for the three months ended March 31, 2013 and 2012 have been recorded. The results of operations for the three months ended March 31, 2013 are not necessarily indicative of the results that may be expected for the full year ending December 31, 2013. These unaudited

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consolidated financial statements should be read in conjunction with our audited consolidated financial statements for the year ended December 31, 2012 included in our 2012 Annual Report on Form 10-K.

Certain of our subsidiaries operate outside of the United States and have functional currencies other than the U.S. dollar, or USD. We translate the assets and liabilities of those subsidiaries to USD using the exchange rate in effect at the end of the period. We translate the revenues and expenses of those subsidiaries to USD using the average exchange rates in effect during the period. The net effect of these translation adjustments is included in “Foreign currency translation adjustments” in our consolidated statements of comprehensive income.

Certain prior year amounts have been reclassified to conform to the current year presentation.

### 3. Restructuring Activities

As a result of restructuring activities implemented during 2012 and 2011, we recorded liabilities for employee termination costs and lease and other contract exit costs. The restructuring activities are classified as components of general and administrative expenses in the consolidated statements of income for the respective period in which they occurred.

The 2012 restructuring activities were initiated primarily as a result of personnel changes, organizational realignment to create efficiencies in our business processes and certain integration activities associated with the Amerigroup acquisition. Activity related to these liabilities for the three months ended March 31, 2013, by reportable segment, is as follows:

|                                                                      | <u>Commercial</u> | <u>Consumer</u> | <u>Other</u>  | <u>Total</u>   |
|----------------------------------------------------------------------|-------------------|-----------------|---------------|----------------|
| <b>2012 Restructuring Activities</b>                                 |                   |                 |               |                |
| Employee termination costs:                                          |                   |                 |               |                |
| Liability for employee termination costs at January 1, 2013          | \$ 40.4           | \$ 72.8         | \$ 4.4        | \$117.6        |
| Payments                                                             | (8.7)             | (19.0)          | (0.9)         | (28.6)         |
| Liability released                                                   | (1.1)             | (0.9)           | (0.2)         | (2.2)          |
| Liability for employee termination costs at March 31, 2013           | 30.6              | 52.9            | 3.3           | 86.8           |
| Lease and other contract exit costs:                                 |                   |                 |               |                |
| Liability for lease and other contract exit costs at January 1, 2013 | 8.8               | 2.9             | 0.1           | 11.8           |
| Payments                                                             | (1.0)             | (0.3)           | —             | (1.3)          |
| Liability released                                                   | —                 | —               | —             | —              |
| Liability for lease and other contract exit costs at March 31, 2013  | 7.8               | 2.6             | 0.1           | 10.5           |
| Total liability for 2012 restructuring activities at March 31, 2013  | <u>\$ 38.4</u>    | <u>\$ 55.5</u>  | <u>\$ 3.4</u> | <u>\$ 97.3</u> |

The 2011 restructuring activities were initiated as a result of a change in strategic focus primarily in response to federal health care reform. At March 31, 2013, our total liability for 2011 restructuring activities was \$24.9, of which \$6.8 related to employee termination costs and \$18.1 related to lease and other contract exit costs. We expect the remaining payments for employee termination costs to be substantially completed by the end of 2013. Payments for lease and other contract exit costs will continue to occur over the remaining terms of the related contracts.

### 4. Investments

We evaluate our investment securities for other-than-temporary declines based on qualitative and quantitative factors. Other-than-temporary impairment losses recognized in income totaled \$37.9 and \$10.9 for the three months ended March 31, 2013 and 2012, respectively. There were no individually significant other-than-temporary impairment losses on investments by issuer during the three months ended March 31, 2013 and 2012. We continue to review our investment portfolios under our impairment review policy. Given the current market conditions and

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the significant judgments involved, there is a continuing risk that further declines in fair value may occur and additional material other-than-temporary impairment losses on investments may be recorded in future periods.

A summary of current and long-term investments, available-for-sale, at March 31, 2013 and December 31, 2012 is as follows:

|                                                                |                              |                              | Gross Unrealized Losses |                         |                         | Non-Credit<br>Component of                                       |
|----------------------------------------------------------------|------------------------------|------------------------------|-------------------------|-------------------------|-------------------------|------------------------------------------------------------------|
|                                                                | Cost or<br>Amortized<br>Cost | Gross<br>Unrealized<br>Gains | Less than<br>12 Months  | 12 Months<br>or Greater | Estimated<br>Fair Value | Other-Than-<br>Temporary<br>Impairments<br>Recognized in<br>AOCI |
| March 31, 2013:                                                |                              |                              |                         |                         |                         |                                                                  |
| Fixed maturity securities:                                     |                              |                              |                         |                         |                         |                                                                  |
| United States Government securities                            | \$ 393.6                     | \$ 10.9                      | \$ (0.2)                | \$ —                    | \$ 404.3                | \$ —                                                             |
| Government sponsored securities                                | 132.9                        | 2.2                          | —                       | —                       | 135.1                   | —                                                                |
| States, municipalities and political subdivisions - tax-exempt | 5,947.2                      | 379.8                        | (10.2)                  | (1.2)                   | 6,315.6                 | —                                                                |
| Corporate securities                                           | 7,834.0                      | 352.2                        | (19.0)                  | (7.6)                   | 8,159.6                 | —                                                                |
| Options embedded in convertible debt securities                | 76.1                         | —                            | —                       | —                       | 76.1                    | —                                                                |
| Residential mortgage-backed securities                         | 2,367.4                      | 91.7                         | (4.0)                   | (1.6)                   | 2,453.5                 | —                                                                |
| Commercial mortgage-backed securities                          | 437.0                        | 19.7                         | (0.4)                   | —                       | 456.3                   | —                                                                |
| Other debt securities                                          | 282.9                        | 6.6                          | (0.3)                   | (2.0)                   | 287.2                   | —                                                                |
| Total fixed maturity securities                                | 17,471.1                     | 863.1                        | (34.1)                  | (12.4)                  | 18,287.7                | \$ —                                                             |
| Equity securities                                              | 931.0                        | 461.2                        | (6.6)                   | —                       | 1,385.6                 |                                                                  |
| Total investments, available-for-sale                          | \$18,402.1                   | \$1,324.3                    | \$ (40.7)               | \$ (12.4)               | \$19,673.3              |                                                                  |
| December 31, 2012:                                             |                              |                              |                         |                         |                         |                                                                  |
| Fixed maturity securities:                                     |                              |                              |                         |                         |                         |                                                                  |
| United States Government securities                            | \$ 330.3                     | \$ 13.1                      | \$ (0.2)                | \$ —                    | \$ 343.2                | \$ —                                                             |
| Government sponsored securities                                | 153.6                        | 2.6                          | —                       | —                       | 156.2                   | —                                                                |
| States, municipalities and political subdivisions - tax-exempt | 5,501.3                      | 388.2                        | (5.7)                   | (1.6)                   | 5,882.2                 | —                                                                |
| Corporate securities                                           | 7,642.0                      | 387.0                        | (17.0)                  | (8.0)                   | 8,004.0                 | (1.7)                                                            |
| Options embedded in convertible debt securities                | 67.2                         | —                            | —                       | —                       | 67.2                    | —                                                                |
| Residential mortgage-backed securities                         | 2,204.7                      | 103.1                        | (1.1)                   | (1.9)                   | 2,304.8                 | (0.4)                                                            |
| Commercial mortgage-backed securities                          | 323.2                        | 22.5                         | —                       | —                       | 345.7                   | —                                                                |
| Other debt securities                                          | 236.8                        | 7.6                          | (0.2)                   | (3.1)                   | 241.1                   | (1.3)                                                            |
| Total fixed maturity securities                                | 16,459.1                     | 924.1                        | (24.2)                  | (14.6)                  | 17,344.4                | \$ (3.4)                                                         |
| Equity securities                                              | 897.0                        | 358.0                        | (12.5)                  | —                       | 1,242.5                 |                                                                  |
| Total investments, available-for-sale                          | \$17,356.1                   | \$1,282.1                    | \$ (36.7)               | \$ (14.6)               | \$18,586.9              |                                                                  |

At March 31, 2013, we owned \$2,909.8 of mortgage-backed securities and \$240.2 of asset-backed securities out of a total available-for-sale investment portfolio of \$19,673.3. These securities included sub-prime and Alt-A securities with fair values of \$38.6 and \$127.1, respectively. These sub-prime and Alt-A securities had accumulated net unrealized gains of \$0.3 and \$7.3, respectively. The average credit rating of the sub-prime and Alt-A securities was “BB” and “B”, respectively.

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The following tables summarize for fixed maturity securities and equity securities in an unrealized loss position at March 31, 2013 and December 31, 2012, the aggregate fair value and gross unrealized loss by length of time those securities have been continuously in an unrealized loss position.

|                                                                | 12 Months or Less    |                      |                       | Greater than 12 Months |                      |                       |
|----------------------------------------------------------------|----------------------|----------------------|-----------------------|------------------------|----------------------|-----------------------|
|                                                                | Number of Securities | Estimated Fair Value | Gross Unrealized Loss | Number of Securities   | Estimated Fair Value | Gross Unrealized Loss |
| <i>(Securities are whole amounts)</i>                          |                      |                      |                       |                        |                      |                       |
| <b>March 31, 2013:</b>                                         |                      |                      |                       |                        |                      |                       |
| Fixed maturity securities:                                     |                      |                      |                       |                        |                      |                       |
| United States Government securities                            | 10                   | \$ 36.1              | \$ (0.2)              | —                      | \$ —                 | \$ —                  |
| Government sponsored securities                                | 2                    | 14.0                 | —                     | —                      | —                    | —                     |
| States, municipalities and political subdivisions - tax-exempt | 240                  | 759.7                | (10.2)                | 22                     | 25.3                 | (1.2)                 |
| Corporate securities                                           | 702                  | 1,203.7              | (19.0)                | 62                     | 46.9                 | (7.6)                 |
| Residential mortgage-backed securities                         | 174                  | 508.4                | (4.0)                 | 38                     | 16.7                 | (1.6)                 |
| Commercial mortgage-backed securities                          | 18                   | 97.0                 | (0.4)                 | 3                      | 1.5                  | —                     |
| Other debt securities                                          | 18                   | 22.3                 | (0.3)                 | 20                     | 24.1                 | (2.0)                 |
| Total fixed maturity securities                                | 1,164                | 2,641.2              | (34.1)                | 145                    | 114.5                | (12.4)                |
| Equity securities                                              | 645                  | 46.0                 | (6.6)                 | —                      | —                    | —                     |
| Total fixed maturity and equity securities                     | 1,809                | \$2,687.2            | \$ (40.7)             | 145                    | \$ 114.5             | \$ (12.4)             |
| <b>December 31, 2012:</b>                                      |                      |                      |                       |                        |                      |                       |
| Fixed maturity securities:                                     |                      |                      |                       |                        |                      |                       |
| United States Government securities                            | 17                   | \$ 48.5              | \$ (0.2)              | —                      | \$ —                 | \$ —                  |
| States, municipalities and political subdivisions - tax-exempt | 184                  | 420.1                | (5.7)                 | 1                      | 46.9                 | (1.6)                 |
| Corporate securities                                           | 457                  | 1,066.5              | (17.0)                | 74                     | 52.6                 | (8.0)                 |
| Residential mortgage-backed securities                         | 79                   | 211.0                | (1.1)                 | 44                     | 25.5                 | (1.9)                 |
| Commercial mortgage-backed securities                          | 4                    | 10.1                 | —                     | 3                      | 4.1                  | —                     |
| Other debt securities                                          | 7                    | 5.4                  | (0.2)                 | 21                     | 28.9                 | (3.1)                 |
| Total fixed maturity securities                                | 748                  | 1,761.6              | (24.2)                | 143                    | 158.0                | (14.6)                |
| Equity securities                                              | 961                  | 149.6                | (12.5)                | —                      | —                    | —                     |
| Total fixed maturity and equity securities                     | 1,709                | \$1,911.2            | \$ (36.7)             | 143                    | \$ 158.0             | \$ (14.6)             |

The amortized cost and fair value of fixed maturity securities at March 31, 2013, by contractual maturity, are shown below. Expected maturities may differ from contractual maturities because the issuers of the securities may have the right to prepay obligations without prepayment penalties.

|                                                    | Amortized Cost    | Estimated Fair Value |
|----------------------------------------------------|-------------------|----------------------|
| Due in one year or less                            | \$ 812.5          | \$ 826.5             |
| Due after one year through five years              | 4,914.9           | 5,136.5              |
| Due after five years through ten years             | 4,891.3           | 5,188.9              |
| Due after ten years                                | 4,048.0           | 4,226.0              |
| Mortgage-backed securities                         | 2,804.4           | 2,909.8              |
| Total available-for-sale fixed maturity securities | <u>\$17,471.1</u> | <u>\$18,287.7</u>    |

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During the three months ended March 31, 2013, we sold \$2,619.2 of investments which resulted in gross realized gains of \$107.0 and gross realized losses of \$90.2. In the ordinary course of business, we may sell securities at a loss for a number of reasons, including, but not limited to: (i) changes in the investment environment; (ii) expectation that the fair value could deteriorate further; (iii) desire to reduce exposure to an issuer or an industry; (iv) changes in credit quality; or (v) changes in expected cash flow.

All securities sold resulting in investment gains and losses are recorded on the trade date. Realized gains and losses are determined on the basis of the cost or amortized cost of the specific securities sold.

### 5. Fair Value

Assets and liabilities recorded at fair value in the consolidated balance sheets are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs, as defined by Financial Accounting Standards Board, or FASB, guidance for fair value measurements and disclosures, are as follows:

| <u>Level Input:</u> | <u>Input Definition:</u>                                                                                                                                           |
|---------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level I             | Inputs are unadjusted, quoted prices for identical assets or liabilities in active markets at the measurement date.                                                |
| Level II            | Inputs other than quoted prices included in Level I that are observable for the asset or liability through corroboration with market data at the measurement date. |
| Level III           | Unobservable inputs that reflect management's best estimate of what market participants would use in pricing the asset or liability at the measurement date.       |

The following methods, assumptions and inputs were used to determine the fair value of each class of the following assets and liabilities recorded at fair value in the consolidated balance sheets:

*Cash equivalents:* Cash equivalents primarily consist of highly rated money market funds with maturities of three months or less, and are purchased daily at par value with specified yield rates. Due to the high ratings and short-term nature of the funds, we designate all cash equivalents as Level I.

*Fixed maturity securities, available-for-sale:* Fair values of available-for-sale fixed maturity securities are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs for the determination of fair value to facilitate fair value measurements and disclosures. United States Government securities represent Level I securities, while Level II securities primarily include corporate securities, securities from states, municipalities and political subdivisions and mortgage-backed securities. For securities not actively traded, the third party pricing services may use quoted market prices of comparable instruments or discounted cash flow analyses, incorporating inputs that are currently observable in the markets for similar securities. We have controls in place to review the third party pricing services' qualifications and procedures used to determine fair values. In addition, we periodically review the third party pricing services' pricing methodologies, data sources and pricing inputs to ensure the fair values obtained are reasonable. Inputs that are often used in the valuation methodologies include, but are not limited to, broker quotes, benchmark yields, credit spreads, default rates and prepayment speeds. We also have certain fixed maturity securities, primarily corporate debt securities, that are designated Level III securities. For these securities, the valuation methodologies may incorporate broker quotes or discounted cash flow analyses using assumptions for inputs such as expected cash flows, benchmark yields and credit spreads that are not observable in the markets.

*Equity securities, available-for-sale:* Fair values of equity securities are generally designated as Level I and are based on quoted market prices. For certain equity securities, quoted market prices for the identical security are not always available and the fair value is estimated by reference to similar securities for which quoted prices are available. These securities are designated Level II. We also have certain equity securities, including private equity securities, for which the fair value is estimated based on each security's current condition and future cash

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flow projections. Such securities are designated Level III. The fair values of these private equity securities are generally based on either broker quotes or discounted cash flow projections using assumptions for inputs such as the weighted average cost of capital, long-term revenue growth rates and earnings before interest, taxes, depreciation and amortization, or EBITDA, and/or revenue multiples that are not observable in the markets.

*Other invested assets, current:* Other invested assets, current include securities held in rabbi trusts that are classified as trading. Fair values are based on quoted market prices.

*Securities lending collateral:* Fair values of securities lending collateral are based on quoted market prices, where available. These fair values are obtained primarily from third party pricing services, which generally use Level I or Level II inputs for the determination of fair value, to facilitate fair value measurements and disclosures.

*Derivatives-interest rate swaps:* Fair values are based on the quoted market prices by the financial institution that is the counterparty to the swap. We independently verify prices provided by the counterparties using valuation models that incorporate market observable inputs for similar interest rate swaps.

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A summary of fair value measurements by level for assets measured at fair value on a recurring basis at March 31, 2013 and December 31, 2012 is as follows:

|                                                                          | <u>Level I</u>   | <u>Level II</u>   | <u>Level III</u> | <u>Total</u>      |
|--------------------------------------------------------------------------|------------------|-------------------|------------------|-------------------|
| <b>March 31, 2013:</b>                                                   |                  |                   |                  |                   |
| <b>Assets:</b>                                                           |                  |                   |                  |                   |
| Cash equivalents                                                         | \$ 643.0         | \$ —              | \$ —             | \$ 643.0          |
| Investments available-for-sale:                                          |                  |                   |                  |                   |
| Fixed maturity securities:                                               |                  |                   |                  |                   |
| United States Government securities                                      | 404.3            | —                 | —                | 404.3             |
| Government sponsored securities                                          | —                | 135.1             | —                | 135.1             |
| States, municipalities and political subdivisions - tax-exempt           | —                | 6,315.6           | —                | 6,315.6           |
| Corporate securities                                                     | —                | 8,038.3           | 121.3            | 8,159.6           |
| Options embedded in convertible debt securities                          | —                | 76.1              | —                | 76.1              |
| Residential mortgage-backed securities                                   | —                | 2,440.6           | 12.9             | 2,453.5           |
| Commercial mortgage-backed securities                                    | —                | 456.3             | —                | 456.3             |
| Other debt securities                                                    | 47.1             | 236.2             | 3.9              | 287.2             |
| Total fixed maturity securities                                          | 451.4            | 17,698.2          | 138.1            | 18,287.7          |
| Equity securities                                                        | 1,211.3          | 150.5             | 23.8             | 1,385.6           |
| Other invested assets, current                                           | 17.0             | —                 | —                | 17.0              |
| Securities lending collateral                                            | 232.7            | 344.8             | —                | 577.5             |
| Derivatives excluding embedded options (reported with other assets)      | —                | 55.3              | —                | 55.3              |
| <b>Total assets</b>                                                      | <u>\$2,555.4</u> | <u>\$18,248.8</u> | <u>\$161.9</u>   | <u>\$20,966.1</u> |
| <b>Liabilities:</b>                                                      |                  |                   |                  |                   |
| Derivatives excluding embedded options (reported with other liabilities) | \$ —             | \$ (1.0)          | \$ —             | \$ (1.0)          |
| <b>Total liabilities</b>                                                 | <u>\$ —</u>      | <u>\$ (1.0)</u>   | <u>\$ —</u>      | <u>\$ (1.0)</u>   |
| <b>December 31, 2012:</b>                                                |                  |                   |                  |                   |
| <b>Assets:</b>                                                           |                  |                   |                  |                   |
| Cash equivalents                                                         | \$ 728.3         | \$ —              | \$ —             | \$ 728.3          |
| Investments available-for-sale:                                          |                  |                   |                  |                   |
| Fixed maturity securities:                                               |                  |                   |                  |                   |
| United States Government securities                                      | 343.2            | —                 | —                | 343.2             |
| Government sponsored securities                                          | —                | 156.2             | —                | 156.2             |
| States, municipalities and political subdivisions - tax-exempt           | —                | 5,882.2           | —                | 5,882.2           |
| Corporate securities                                                     | —                | 7,882.9           | 121.1            | 8,004.0           |
| Options embedded in convertible debt securities                          | —                | 67.2              | —                | 67.2              |
| Residential mortgage-backed securities                                   | —                | 2,300.5           | 4.3              | 2,304.8           |
| Commercial mortgage-backed securities                                    | —                | 345.7             | —                | 345.7             |
| Other debt securities                                                    | 33.8             | 203.4             | 3.9              | 241.1             |
| Total fixed maturity securities                                          | 377.0            | 16,838.1          | 129.3            | 17,344.4          |
| Equity securities                                                        | 1,103.1          | 113.2             | 26.2             | 1,242.5           |
| Other invested assets, current                                           | 14.8             | —                 | —                | 14.8              |
| Securities lending collateral                                            | 231.7            | 332.9             | —                | 564.6             |
| Derivatives excluding embedded options (reported with other assets)      | —                | 58.6              | —                | 58.6              |
| <b>Total assets</b>                                                      | <u>\$2,454.9</u> | <u>\$17,342.8</u> | <u>\$155.5</u>   | <u>\$19,953.2</u> |
| <b>Liabilities:</b>                                                      |                  |                   |                  |                   |
| Derivatives excluding embedded options (reported with other liabilities) | \$ —             | \$ (0.1)          | \$ —             | \$ (0.1)          |
| <b>Total liabilities</b>                                                 | <u>\$ —</u>      | <u>\$ (0.1)</u>   | <u>\$ —</u>      | <u>\$ (0.1)</u>   |

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A reconciliation of the beginning and ending balances of assets measured at fair value on a recurring basis using Level III inputs for the three months ended March 31, 2013 and 2012 is as follows:

|                                                                                                                                 | Corporate<br>Securities | Residential<br>Mortgage-<br>backed<br>Securities | Commercial<br>Mortgage-<br>backed<br>Securities | Other Debt<br>Securities | Equity<br>Securities | Total           |
|---------------------------------------------------------------------------------------------------------------------------------|-------------------------|--------------------------------------------------|-------------------------------------------------|--------------------------|----------------------|-----------------|
| <b>Three Months Ended March 31, 2013:</b>                                                                                       |                         |                                                  |                                                 |                          |                      |                 |
| Beginning balance at January 1, 2013                                                                                            | \$ 121.1                | \$ 4.3                                           | \$ —                                            | \$ 3.9                   | \$ 26.2              | \$ 155.5        |
| Total gains (losses):                                                                                                           |                         |                                                  |                                                 |                          |                      |                 |
| Recognized in net income                                                                                                        | 0.3                     | —                                                | —                                               | —                        | 0.6                  | 0.9             |
| Recognized in accumulated other<br>comprehensive income                                                                         | (0.6)                   | —                                                | —                                               | 0.2                      | (0.9)                | (1.3)           |
| Purchases                                                                                                                       | 9.6                     | —                                                | —                                               | —                        | 0.4                  | 10.0            |
| Sales                                                                                                                           | —                       | —                                                | —                                               | —                        | (2.5)                | (2.5)           |
| Issuances                                                                                                                       | —                       | —                                                | —                                               | —                        | —                    | —               |
| Settlements                                                                                                                     | (9.1)                   | (1.6)                                            | —                                               | (0.2)                    | —                    | (10.9)          |
| Transfers into Level III                                                                                                        | —                       | 13.1                                             | —                                               | —                        | —                    | 13.1            |
| Transfers out of Level III                                                                                                      | —                       | (2.9)                                            | —                                               | —                        | —                    | (2.9)           |
| Ending balance at March 31, 2013                                                                                                | <u>\$ 121.3</u>         | <u>\$ 12.9</u>                                   | <u>\$ —</u>                                     | <u>\$ 3.9</u>            | <u>\$ 23.8</u>       | <u>\$ 161.9</u> |
| Change in unrealized losses included in net<br>income related to assets still held for the three<br>months ended March 31, 2013 | <u>\$ —</u>             | <u>\$ —</u>                                      | <u>\$ —</u>                                     | <u>\$ —</u>              | <u>\$ (1.4)</u>      | <u>\$ (1.4)</u> |
| <b>Three Months Ended March 31, 2012:</b>                                                                                       |                         |                                                  |                                                 |                          |                      |                 |
| Beginning balance at January 1, 2012                                                                                            | \$ 195.1                | \$ —                                             | \$ 6.3                                          | \$ 59.0                  | \$ 24.4              | \$ 284.8        |
| Total gains (losses):                                                                                                           |                         |                                                  |                                                 |                          |                      |                 |
| Recognized in net income                                                                                                        | 15.2                    | —                                                | —                                               | 0.1                      | (0.4)                | 14.9            |
| Recognized in accumulated other<br>comprehensive income                                                                         | (16.9)                  | —                                                | —                                               | 0.1                      | (3.4)                | (20.2)          |
| Purchases                                                                                                                       | 18.8                    | —                                                | —                                               | —                        | —                    | 18.8            |
| Sales                                                                                                                           | (1.9)                   | —                                                | —                                               | —                        | —                    | (1.9)           |
| Issuances                                                                                                                       | —                       | —                                                | —                                               | —                        | —                    | —               |
| Settlements                                                                                                                     | (51.7)                  | —                                                | —                                               | (0.5)                    | —                    | (52.2)          |
| Transfers into Level III                                                                                                        | —                       | 1.4                                              | —                                               | —                        | —                    | 1.4             |
| Transfers out of Level III                                                                                                      | (49.4)                  | —                                                | (6.3)                                           | (50.0)                   | —                    | (105.7)         |
| Ending balance at March 31, 2012                                                                                                | <u>\$ 109.2</u>         | <u>\$ 1.4</u>                                    | <u>\$ —</u>                                     | <u>\$ 8.7</u>            | <u>\$ 20.6</u>       | <u>\$ 139.9</u> |
| Change in unrealized losses included in net<br>income related to assets still held for the three<br>months ended March 31, 2012 | <u>\$ —</u>             | <u>\$ —</u>                                      | <u>\$ —</u>                                     | <u>\$ —</u>              | <u>\$ (0.4)</u>      | <u>\$ (0.4)</u> |

Transfers between levels, if any, are recorded as of the beginning of the reporting period. There were no material transfers between Level I, Level II and Level III during the three months ended March 31, 2013. During the three months ended March 31, 2012, the transfers out of Level III of corporate securities and commercial mortgage-backed securities were for certain sub-prime securities transferred from Level III to Level II as a result of inputs that were previously unobservable becoming observable due to increased volume and level of trading in observable markets. In addition, the transfers out of Level III of other debt securities were for certain inverse floating rate securities transferred from Level III to Level II as a result of those securities' impending maturity and settlement in June 2012 and trading activity of similar securities in observable markets.

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During the three months ended March 31, 2013 or 2012, there were no transfers from Level I to Level II or from Level II to Level I.

There were no assets or liabilities measured at fair value on a nonrecurring basis during the three months ended March 31, 2013 or 2012.

Our valuation policy is determined by members of our treasury and accounting departments. Whenever possible, our policy is to obtain quoted market prices in active markets to estimate fair values for recognition and disclosure purposes. Where quoted market prices in active markets are not available, fair values are estimated using discounted cash flow analyses, broker quotes or other valuation techniques. These techniques are significantly affected by our assumptions, including discount rates and estimates of future cash flows. Potential taxes and other transaction costs are not considered in estimating fair values. Our valuation policy is generally to obtain only one quoted price for each security from third party pricing services, which are derived through recently reported trades for identical or similar securities making adjustments through the reporting date based upon available market observable information. When broker quotes are used, we generally obtain only one broker quote per security. As we are responsible for the determination of fair value, we perform monthly analysis on the prices received from third parties to determine whether the prices are reasonable estimates of fair value. This analysis is performed by our internal treasury personnel who are familiar with our investment portfolios, the third party pricing services engaged and the valuation techniques and inputs used. Our analysis includes a review of month-to-month price fluctuations. If unusual fluctuations are noted in this review, we may obtain additional information from other pricing services to validate the quoted price. There were no adjustments to quoted market prices obtained from third party pricing services during the three months ended March 31, 2013 or 2012.

In addition to the preceding disclosures on assets recorded at fair value in the consolidated balance sheets, FASB guidance also requires the disclosure of fair values for certain other financial instruments for which it is practicable to estimate fair value, whether or not such values are recognized in the consolidated balance sheets.

Non-financial instruments such as real estate, property and equipment, other current assets, deferred income taxes, intangible assets and certain financial instruments, such as policy liabilities, are excluded from the fair value disclosures. Therefore, the fair value amounts cannot be aggregated to determine our underlying economic value.

The carrying amounts reported in the consolidated balance sheets for cash, accrued investment income, premium and self-funded receivables, other receivables, unearned income, accounts payable and accrued expenses, income taxes receivable/payable, security trades pending payable, securities lending payable and certain other current liabilities approximate fair value because of the short term nature of these items. These assets and liabilities are not listed in the table below.

The following methods, assumptions and inputs were used to estimate the fair value of each class of financial instrument:

*Other invested assets, long-term* : Other invested assets, long-term include primarily our investments in limited partnerships, joint ventures and other non-controlled corporations, as well as the cash surrender value of corporate-owned life insurance policies. Investments in limited partnerships, joint ventures and other non-controlled corporations are carried at our share in the entities' undistributed earnings, which approximates fair value. The carrying value of corporate-owned life insurance policies represents the cash surrender value as reported by the respective insurer, which approximates fair value.

*Short-term borrowings* : The fair value of our short-term borrowings is based on quoted market prices for the same or similar debt, or, if no quoted market prices were available, on the current market interest rates available to us for debt of similar terms and remaining maturities.

*Long-term debt-commercial paper*: The carrying amount for commercial paper approximates fair value as the underlying instruments have variable interest rates at market value.

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*Long-term debt-notes* : The fair values of our notes are based on quoted market prices in active markets for the same or similar debt, or, if no quoted market prices are available, on the current market observable rates estimated to be available to us for debt of similar terms and remaining maturities.

*Long-term debt-convertible debentures* : The fair value of our convertible debentures is based on the quoted market price in the active private market in which the convertible debentures trade.

A summary of the carrying values and fair values by level of financial instruments not recorded at fair value on our consolidated balance sheets at March 31, 2013 and December 31, 2012 are as follows:

|                                  | Carrying Value | Fair Value |          |            | Total      |
|----------------------------------|----------------|------------|----------|------------|------------|
|                                  |                | Level I    | Level II | Level III  |            |
| <b>March 31, 2013</b>            |                |            |          |            |            |
| Assets:                          |                |            |          |            |            |
| Other invested assets, long-term | \$ 1,482.4     | \$ —       | \$ —     | \$ 1,482.4 | \$ 1,482.4 |
| Liabilities:                     |                |            |          |            |            |
| Debt:                            |                |            |          |            |            |
| Short-term borrowings            | 350.0          | —          | 350.0    | —          | 350.0      |
| Commercial paper                 | 831.1          | —          | 831.1    | —          | 831.1      |
| Notes                            | 12,638.3       | —          | 13,737.9 | —          | 13,737.9   |
| Convertible debentures           | 960.0          | —          | 1,638.8  | —          | 1,638.8    |
| <b>December 31, 2012</b>         |                |            |          |            |            |
| Assets:                          |                |            |          |            |            |
| Other invested assets, long-term | \$ 1,387.7     | \$ —       | \$ —     | \$ 1,387.7 | \$ 1,387.7 |
| Liabilities:                     |                |            |          |            |            |
| Debt:                            |                |            |          |            |            |
| Short-term borrowings            | 250.0          | —          | 250.0    | —          | 250.0      |
| Commercial paper                 | 570.9          | —          | 570.9    | —          | 570.9      |
| Notes                            | 13,198.9       | —          | 14,407.1 | —          | 14,407.1   |
| Convertible debentures           | 958.1          | —          | 1,613.4  | —          | 1,613.4    |

## 6. Income Taxes

During the three months ended March 31, 2013 and 2012, we recognized income tax expense of \$401.9 and \$453.3, respectively, which represents effective tax rates of 31.2% and 34.6%, respectively. The decrease in income tax expense and the effective tax rate in 2013 resulted primarily from inclusion of Amerigroup in our state apportionment factors calculation, which produces a lower effective state tax rate.

## 7. Retirement Benefits

The components of net periodic benefit cost included in the consolidated statements of income for the three months ended March 31, 2013 and 2012 are as follows:

|                                      | Pension Benefits |               | Other Benefits |               |
|--------------------------------------|------------------|---------------|----------------|---------------|
|                                      | 2013             | 2012          | 2013           | 2012          |
| Service cost                         | \$ 3.6           | \$ 4.2        | \$ 1.6         | \$ 1.7        |
| Interest cost                        | 16.7             | 19.1          | 5.6            | 6.9           |
| Expected return on assets            | (33.3)           | (33.7)        | (5.5)          | (5.2)         |
| Recognized actuarial loss            | 8.6              | 7.6           | 2.8            | 3.4           |
| Settlement loss                      | 3.4              | 3.6           | —              | —             |
| Amortization of prior service credit | (0.2)            | (0.2)         | (3.3)          | (3.3)         |
| Net periodic benefit (credit) cost   | <u>\$ (1.2)</u>  | <u>\$ 0.6</u> | <u>\$ 1.2</u>  | <u>\$ 3.5</u> |

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For the year ending December 31, 2013, no material contributions are expected to be necessary to meet the Employee Retirement Income Security Act, or ERISA, required funding levels; however, we may elect to make discretionary contributions up to the maximum amount deductible for income tax purposes. No contributions were made to our retirement benefit plans during the three months ended March 31, 2013 and 2012.

### 8. Debt

As a result of our acquisition of Amerigroup on December 24, 2012, the carrying amount of Amerigroup's \$475.0 of 7.500% senior unsecured notes due 2019 was included in our consolidated balance sheet as of December 31, 2012. In accordance with FASB accounting guidance for business combinations, the notes were recorded at their estimated fair value of \$556.9 on the date of acquisition. On January 25, 2013 we redeemed the outstanding principal balance of these notes, plus applicable premium for early redemption, for cash totaling \$555.6. The weighted-average redemption price of the notes was approximately 117% of the principal amount outstanding.

We have a senior revolving credit facility, or the facility, with certain lenders for general corporate purposes. The facility, as amended, provides credit up to \$2,000.0 and matures on September 29, 2016. There were no amounts outstanding under this facility as of March 31, 2013 or at any time during the three months then ended.

We have an authorized commercial paper program of up to \$2,500.0, the proceeds of which may be used for general corporate purposes. At March 31, 2013, we had \$831.1 outstanding under this program.

We have senior convertible debentures due 2042, or the Debentures, which are governed by an indenture between us and The Bank of New York Mellon Trust Company, N.A., as trustee. We have accounted for the Debentures in accordance with the FASB cash conversion guidance for debt with conversion and other options. As a result, the value of the embedded conversion option has been bifurcated from its debt host and recorded as a component of "additional paid-in capital" (net of deferred taxes and equity issuance costs) in our consolidated balance sheet. The following table summarizes at March 31, 2013 the related balances, conversion rate and conversion price of the Debentures:

|                                                                          |            |
|--------------------------------------------------------------------------|------------|
| Outstanding principal amount                                             | \$ 1,500.0 |
| Unamortized debt discount                                                | 540.0      |
| Net debt carrying amount                                                 | 960.0      |
| Equity component carrying amount                                         | 543.6      |
| Conversion rate (shares of common stock per \$1,000 of principal amount) | 13.2505    |
| Effective conversion price (per \$1,000 of principal amount)             | \$75.4688  |

### 9. Commitments and Contingencies

#### Litigation

In the ordinary course of business, we are defendants in, or parties to, a number of pending or threatened legal actions or proceedings. To the extent a plaintiff or plaintiffs in the following cases have specified in their complaint or in other court filings the amount of damages being sought, we have noted those alleged damages in the descriptions below. With respect to the cases described below, we contest liability and/or the amount of damages in each matter and believe we have meritorious defenses.

In the Los Angeles County Superior Court, we are defending a lawsuit filed by the Los Angeles City Attorney alleging the wrongful rescission of individual insurance policies and representations made concerning rescission practices and policies. The suit names WellPoint as well as Blue Cross of California, or BCC, and BC Life & Health Insurance Company, or BCL&H (which name changed to Anthem Blue Cross Life and Health Insurance Company in July 2007), both WellPoint subsidiaries. The lawsuit generally alleges unfair business

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practices in a purported practice of rescinding new individual members following the submission of large claims. The Los Angeles City Attorney filed an amended complaint in October 2010, adding claims of misrepresentation arising from several public statements made by the Company during 2010. The Los Angeles City Attorney is requesting two thousand five hundred dollars (\$2,500) per alleged violation of the California Business and Professions Code. Trial is currently set for April 8, 2014. We intend to vigorously defend this suit; however, the ultimate outcome cannot be presently determined.

We are defending a certified class action filed as a result of the 2001 demutualization of Anthem Insurance Companies, Inc., or AICI. The lawsuit names AICI as well as Anthem, Inc., or Anthem, n/k/a WellPoint, Inc., and is captioned *Ronald Gold, et al. v. Anthem, Inc. et al.* AICI's 2001 Plan of Conversion, or the Plan, provided for the conversion of AICI from a mutual insurance company into a stock insurance company pursuant to Indiana law. Under the Plan, AICI distributed the fair value of the company at the time of conversion to its Eligible Statutory Members, or ESMs, in the form of cash or Anthem common stock in exchange for their membership interests in the mutual company. Plaintiffs in *Gold* allege that AICI distributed value to the wrong ESMs. Cross motions for summary judgment were granted in part and denied in part on July 26, 2006 with regard to the issue of sovereign immunity asserted by co-defendant, the state of Connecticut, or the State. The court also denied our motion for summary judgment as to plaintiffs' claims on January 10, 2005. The State appealed the denial of its motion to the Connecticut Supreme Court. We filed a cross-appeal on the sovereign immunity issue. On May 11, 2010, the Court reversed the judgment of the trial court denying the State's motion to dismiss the plaintiff's claims under sovereign immunity and dismissed our cross-appeal. The case was remanded to the trial court for further proceedings. Plaintiffs' motion for class certification was granted on December 15, 2011. We and the plaintiffs filed renewed cross-motions for summary judgment on January 24, 2013. Argument on the renewed motions was held on April 19, 2013. We intend to vigorously defend the *Gold* lawsuit; however, its ultimate outcome cannot be presently determined. We settled a separate lawsuit captioned *Mary E. Ormond, et al. v. Anthem, Inc., et al.*, also filed as a result of the 2001 demutualization of AICI. The *Ormond* case involves a certified class that consists of all ESMs residing in Ohio, Indiana, Kentucky or Connecticut who received cash compensation in connection with the demutualization. On July 1, 2011, the Court held that we were entitled to judgment on all of plaintiffs' claims except those tort claims in connection with the pricing and sizing of the Anthem, Inc. IPO. The parties have reached an agreement to resolve the *Ormond* suit. On June 15, 2012, plaintiffs filed an unopposed motion for preliminary approval of a \$90.0 cash settlement, including any amounts to be awarded for attorneys' fees and expenses and other costs to administer the settlement. As a result, during the six months ended June 30, 2012, we recorded selling, general and administrative expense of \$90.0, or \$0.27 per diluted share, associated with this settlement, which was non-deductible for tax purposes. The Court granted plaintiffs' motion and entered preliminary approval of the settlement on June 18, 2012. As a result, the trial that had been set for June 18, 2012 was vacated. The cash settlement was paid on July 3, 2012 into an escrow account. A final fairness hearing on the settlement was held on October 25, 2012. On November 16, 2012, the Court granted plaintiffs' motion and entered an amended final order approving the settlement. An award of attorneys' fees was issued on November 20, 2012, together with a final judgment dismissing all of plaintiffs' claims. Two appeals of the court's final orders have been taken by objectors to the United States Court of Appeals for the Seventh Circuit. The appeals involve challenges to (i) the amount of attorneys' fees awarded to plaintiffs' counsel out of the settlement fund and (ii) the provision of the Court's order granting final approval of the settlement that requires any residual settlement funds remaining after two rounds of distributions to class members to be paid to the Eskanazi Health Foundation as a *cy pres* award.

We are currently a defendant in eleven putative class actions relating to OON reimbursement that were consolidated into a single multi-district lawsuit called *In re WellPoint, Inc. Out-of-Network "UCR" Rates Litigation* that is pending in the United States District Court for the Central District of California. The lawsuits were filed in 2009. The plaintiffs include current and former members on behalf of a putative class of members who received OON services for which the defendants paid less than billed charges, the American Medical Association, four state medical associations, OON physicians, chiropractors, clinical psychologists, podiatrists, psychotherapists, the American Podiatric Association, California Chiropractic Association and the California Psychological Association on behalf of a putative class of all physicians and all non-physician health care

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providers, and an OON surgical center. In the consolidated complaint, the plaintiffs allege that the defendants violated the Racketeer Influenced and Corrupt Organizations Act, or RICO, the Sherman Antitrust Act, ERISA, federal regulations, and state law by relying on databases provided by Ingenix in determining OON reimbursement. A consolidated amended complaint was filed to add allegations in the lawsuit that OON reimbursement was calculated improperly by methodologies other than the Ingenix databases. We filed a motion to dismiss the amended consolidated complaint. The motion was granted in part and denied in part. The court gave the plaintiffs permission to replead many of those claims that were dismissed. The plaintiffs then filed a third amended consolidated complaint repleading some of the claims that had been dismissed without prejudice and adding additional statements in an attempt to bolster other claims. We filed a motion to dismiss the third amended consolidated complaint, which was granted in part and denied in part. The plaintiffs filed a fourth amended consolidated complaint on November 5, 2012. We filed a motion to dismiss most of the claims asserted in the fourth amended consolidated complaint. The plaintiffs filed a response and we filed a reply. The motion to dismiss is now fully briefed and pending. The OON surgical center voluntarily dismissed their claims. Fact discovery is complete. At the end of 2009, we filed a motion in the United States District Court for the Southern District of Florida, or the Florida Court, to enjoin the claims brought by the medical doctors and doctors of osteopathy and certain medical associations based on prior litigation releases, which was granted in 2011, and that court ordered the plaintiffs to dismiss their claims that are barred by the release. The plaintiffs then filed a petition for declaratory judgment asking the court to find that these claims are not barred by the releases from the prior litigation. We filed a motion to dismiss the declaratory judgment action, which was granted. The plaintiffs appealed the dismissal of the declaratory judgment to the United States Court of Appeals for the Eleventh Circuit, but the dismissal was upheld. The enjoined physicians have not yet dismissed their claims. The Florida Court found the enjoined physicians in contempt and sanctioned them on July 25, 2012. The barred physicians are paying the sanctions. We intend to vigorously defend these suits; however, their ultimate outcome cannot be presently determined.

Where available information indicates that it is probable that a loss has been incurred as of the date of the consolidated financial statements and we can reasonably estimate the amount of that loss, we accrue the estimated loss by a charge to income. In many proceedings, however, it is difficult to determine whether any loss is probable or reasonably possible. In addition, even where loss is possible or an exposure to loss exists in excess of the liability already accrued with respect to a previously identified loss contingency, it is not always possible to reasonably estimate the amount of the possible loss or range of loss.

With respect to many of the proceedings to which we are a party, we cannot provide an estimate of the possible losses, or the range of possible losses in excess of the amount, if any, accrued, for various reasons, including but not limited to some or all of the following: (i) there are novel or unsettled legal issues presented, (ii) the proceedings are in early stages, (iii) there is uncertainty as to the likelihood of a class being certified or decertified or the ultimate size and scope of the class, (iv) there is uncertainty as to the outcome of pending appeals or motions, (v) there are significant factual issues to be resolved, and/or (vi) in many cases, the plaintiffs have not specified damages in their complaint or in court filings. For those legal proceedings where a loss is probable, or reasonably possible, and for which it is possible to reasonably estimate the amount of the possible loss or range of losses, we currently believe that the range of possible losses, in excess of established reserves, for all of those proceedings is from \$0 to approximately \$350.0 at March 31, 2013. This estimated aggregate range of reasonably possible losses is based upon currently available information taking into account our best estimate of such losses for which such an estimate can be made.

### *Other Contingencies*

From time to time, we and certain of our subsidiaries are parties to various legal proceedings, many of which involve claims for coverage encountered in the ordinary course of business. We, like HMOs and health insurers generally, exclude certain health care and other services from coverage under our HMO, PPO and other plans. We are, in the ordinary course of business, subject to the claims of our enrollees arising out of decisions to restrict or deny reimbursement for uncovered services. The loss of even one such claim, if it results in a

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significant punitive damage award, could have a material adverse effect on us. In addition, the risk of potential liability under punitive damage theories may increase significantly the difficulty of obtaining reasonable settlements of coverage claims.

In addition to the lawsuits described above, we are also involved in other pending and threatened litigation of the character incidental to our business, and are from time to time involved as a party in various governmental investigations, audits, reviews and administrative proceedings. These investigations, audits, reviews and administrative proceedings include routine and special inquiries by state insurance departments, state attorneys general, the U.S. Attorney General and subcommittees of the U.S. Congress. Such investigations, audits, reviews and administrative proceedings could result in the imposition of civil or criminal fines, penalties, other sanctions and additional rules, regulations or other restrictions on our business operations. Any liability that may result from any one of these actions, or in the aggregate, could have a material adverse effect on our consolidated financial position or results of operations.

The National Organization of Life & Health Insurance Guaranty Associations, or NOLHGA, is a voluntary organization consisting of the state life and health insurance guaranty associations located throughout the U.S. State life and health insurance guaranty associations, working together with NOLHGA, provide a safety net for their state's policyholders, ensuring that they continue to receive coverage even if their insurer is declared insolvent. We are aware that the Pennsylvania Insurance Commissioner, or Insurance Commissioner, has placed Penn Treaty Network America Insurance Company and its subsidiary American Network Insurance Company, or collectively Penn Treaty, in rehabilitation, an intermediate action before insolvency. The state court denied the Insurance Commissioner's petition for the liquidation of Penn Treaty and ordered the Commissioner to file an updated plan of rehabilitation. The Insurance Commissioner has filed a Notice of Appeal asking the Pennsylvania Supreme Court to reverse the order denying the liquidation petition. In the event rehabilitation of Penn Treaty is unsuccessful and Penn Treaty is declared insolvent and placed in liquidation, we and other insurers may be required to pay a portion of their policyholder claims through state guaranty association assessments in future periods. Given the uncertainty around whether Penn Treaty will ultimately be declared insolvent and, if so, the amount of the insolvency, the amount and timing of any associated future guaranty fund assessments and the availability and amount of any potential premium tax and other offsets, we currently cannot estimate our net exposure, if any, to this potential insolvency. We will continue to monitor the situation and may record a liability and expense in future reporting periods, which could be material to our cash flows and results of operations.

### *Contractual Obligations and Commitments*

We are a party to an agreement with Express Scripts, Inc., or Express Scripts, to provide pharmacy benefit management, or PBM, services for our plans, excluding Amerigroup and certain self-insured members, which have exclusive agreements with different PBM services providers. The initial term of this agreement expires on December 31, 2019. Under this agreement, Express Scripts is the exclusive provider of certain specified PBM services, such as pharmacy network management, home delivery, pharmacy customer service, claims processing, rebate management, drug utilization and specialty pharmaceutical management services. Accordingly, the agreement contains certain financial and operational requirements obligating both Express Scripts and us. Express Scripts' primary obligations relate to the performance of such services and meeting certain pricing guarantees and performance standards. Our primary obligations relate to oversight, provision of data, payment for services and certain minimum volume requirements. The failure by either party to meet the respective requirements could potentially serve as a basis for financial penalties or early termination of the contract. We believe we have appropriately recognized all rights and obligations under this contract at March 31, 2013.

During the first quarter of 2010, we entered into a new agreement with International Business Machines Corporation to provide information technology infrastructure services. This new agreement supersedes certain prior agreements and also includes provisions for additional services. Our remaining commitment under this agreement at March 31, 2013 was \$395.6 through March 31, 2015. We have the ability to terminate this agreement upon the occurrence of certain events, subject to early termination fees.

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On March 31, 2009, we entered into an agreement with Affiliated Computer Services, Inc. to provide certain print and mailroom services that were previously performed in-house. Our remaining commitment under this agreement at March 31, 2013 was \$188.6 through March 31, 2016. We have the ability to terminate this agreement upon the occurrence of certain events, subject to early termination fees.

### 10. Capital Stock

#### *Use of Capital – Dividends and Stock Repurchase Program*

We regularly review the appropriate use of capital, including common stock repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

A summary of the cash dividend activity for the three months ended March 31, 2013 and 2012 is as follows:

| <u>Declaration Date</u>                  | <u>Record Date</u> | <u>Payment Date</u> | <u>Cash Dividend per Share</u> | <u>Total</u> |
|------------------------------------------|--------------------|---------------------|--------------------------------|--------------|
| <b>Three Months Ended March 31, 2013</b> |                    |                     |                                |              |
| February 20, 2013                        | March 8, 2013      | March 25, 2013      | \$0.3750                       | \$113.4      |
| <b>Three Months Ended March 31, 2012</b> |                    |                     |                                |              |
| January 24, 2012                         | March 9, 2012      | March 23, 2012      | \$0.2875                       | \$ 95.8      |

Under our Board of Directors' authorization, we maintain a common stock repurchase program. Repurchases may be made from time to time at prevailing market prices, subject to certain restrictions on volume, pricing and timing. The repurchases are effected from time to time in the open market, through negotiated transactions, including accelerated share repurchase agreements, and through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended. Our stock repurchase program is discretionary as we are under no obligation to repurchase shares. We repurchase shares under the program when we believe it is a prudent use of capital. The excess cost of repurchased shares over par value is charged on a pro rata basis to additional paid-in capital and retained earnings.

A summary of share repurchases for the period April 1, 2013 through April 11, 2013 (subsequent to March 31, 2013) and for the three months ended March 31, 2013 and 2012 is as follows:

|                                                   | <u>April 1, 2013<br/>Through<br/>April 11, 2013</u> | <u>Three Months Ended<br/>March 31</u> |             |
|---------------------------------------------------|-----------------------------------------------------|----------------------------------------|-------------|
|                                                   |                                                     | <u>2013</u>                            | <u>2012</u> |
| Shares repurchased                                | 0.5                                                 | 5.5                                    | 10.2        |
| Average price per share                           | \$ 66.64                                            | \$ 62.41                               | \$ 66.80    |
| Aggregate cost                                    | \$ 30.9                                             | \$ 340.2                               | \$ 679.8    |
| Authorization remaining at the end of each period | \$ 1,465.7                                          | \$1,496.6                              | \$3,653.9   |

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### Stock Incentive Plans

A summary of stock option activity for the three months ended March 31, 2013 is as follows:

|                                | Number of | Weighted-Average<br>Option Price | Weighted-Average<br>Remaining<br>Contractual | Aggregate          |
|--------------------------------|-----------|----------------------------------|----------------------------------------------|--------------------|
|                                | Shares    | per Share                        | Life (Years)                                 | Intrinsic<br>Value |
| Outstanding at January 1, 2013 | 17.8      | \$ 64.67                         |                                              |                    |
| Granted                        | 1.9       | 61.88                            |                                              |                    |
| Exercised                      | (0.6)     | 41.15                            |                                              |                    |
| Forfeited or expired           | (0.9)     | 71.00                            |                                              |                    |
| Outstanding at March 31, 2013  | 18.2      | \$ 64.83                         | 3.6                                          | \$ 107.5           |
| Exercisable at March 31, 2013  | 14.9      | \$ 65.27                         | 2.9                                          | \$ 96.1            |

A summary of the status of nonvested restricted stock activity, including restricted stock units, for the three months ended March 31, 2013 is as follows:

|                              | Restricted<br>Stock Shares | Weighted-Average<br>Grant Date |
|------------------------------|----------------------------|--------------------------------|
|                              | and Units                  | Fair Value<br>per Share        |
| Nonvested at January 1, 2013 | 2.6                        | \$ 63.87                       |
| Granted                      | 2.1                        | 61.81                          |
| Vested                       | (0.3)                      | 59.01                          |
| Forfeited                    | (0.3)                      | 65.79                          |
| Nonvested at March 31, 2013  | 4.1                        | \$ 63.06                       |

### Fair Value

We use a binomial lattice valuation model to estimate the fair value of all stock options granted. For a more detailed discussion of our stock incentive plan fair value methodology, see Note 15, "Capital Stock," to our audited consolidated financial statements as of and for the year ended December 31, 2012 included in our 2012 Annual Report on Form 10-K.

The following weighted-average assumptions were used to estimate the fair values of options granted during the three months ended March 31, 2013 and 2012:

|                                        | 2013   | 2012   |
|----------------------------------------|--------|--------|
| Risk-free interest rate                | 1.25%  | 1.41%  |
| Volatility factor                      | 35.00% | 34.00% |
| Quarterly dividend yield               | 0.600% | 0.400% |
| Weighted-average expected life (years) | 4.0    | 4.1    |

The following weighted-average fair values were determined for the three months ended March 31, 2013 and 2012:

|                                   | 2013    | 2012    |
|-----------------------------------|---------|---------|
| Options granted during the period | \$14.51 | \$16.51 |

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### 11. Accumulated Other Comprehensive Income (Loss)

A reconciliation of the components of accumulated other comprehensive income (loss) at March 31, 2013 and 2012 is as follows:

|                                                                                        | 2013            | 2012            |
|----------------------------------------------------------------------------------------|-----------------|-----------------|
| Investments:                                                                           |                 |                 |
| Gross unrealized gains                                                                 | \$1,326.6       | \$1,190.3       |
| Gross unrealized losses                                                                | (53.1)          | (79.5)          |
| Net pre-tax unrealized gains                                                           | 1,273.5         | 1,110.8         |
| Deferred tax liability                                                                 | (435.5)         | (389.9)         |
| Net unrealized gains on investments                                                    | 838.0           | 720.9           |
| Non-credit components of other-than-temporary impairments on investments:              |                 |                 |
| Unrealized losses                                                                      | —               | (2.8)           |
| Deferred tax asset                                                                     | —               | 1.0             |
| Net unrealized non-credit component of other-than-temporary impairments on investments | —               | (1.8)           |
| Cash flow hedges:                                                                      |                 |                 |
| Gross unrealized losses                                                                | (53.0)          | (53.4)          |
| Deferred tax asset                                                                     | 18.6            | 18.7            |
| Net unrealized losses on cash flow hedges                                              | (34.4)          | (34.7)          |
| Defined benefit pension plans:                                                         |                 |                 |
| Deferred net actuarial loss                                                            | (674.8)         | (642.4)         |
| Deferred prior service credits                                                         | 3.7             | 4.5             |
| Deferred tax asset                                                                     | 264.4           | 258.3           |
| Net unrecognized periodic benefit costs for defined benefit pension plans              | (406.7)         | (379.6)         |
| Postretirement benefit plans:                                                          |                 |                 |
| Deferred net actuarial loss                                                            | (188.3)         | (230.8)         |
| Deferred prior service credits                                                         | 99.8            | 112.9           |
| Deferred tax asset                                                                     | 34.8            | 47.8            |
| Net unrecognized periodic benefit costs for postretirement benefit plans               | (53.7)          | (70.1)          |
| Foreign currency translation adjustments:                                              |                 |                 |
| Gross unrealized (losses) gains                                                        | (1.1)           | 0.5             |
| Deferred tax asset (liability)                                                         | 0.4             | (0.2)           |
| Net unrealized (losses) gains on foreign currency translation adjustments              | (0.7)           | 0.3             |
| Accumulated other comprehensive income                                                 | <u>\$ 342.5</u> | <u>\$ 235.0</u> |

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Other comprehensive income (loss) reclassification adjustments for the three months ended March 31, 2013 and 2012 are as follows :

|                                                                                                                                                                     | <u>2013</u>   | <u>2012</u>    |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|----------------|
| <b>Investments:</b>                                                                                                                                                 |               |                |
| Net holding gain on investment securities arising during the period, net of tax expense of \$2.4 and \$24.4, respectively                                           | \$29.7        | \$ 44.9        |
| Reclassification adjustment for net realized gain on investment securities, net of tax expense of \$2.6 and \$33.6, respectively                                    | <u>4.8</u>    | <u>62.4</u>    |
| Total reclassification adjustment on investments                                                                                                                    | 34.5          | 107.3          |
| <b>Non-credit component of other-than-temporary impairments on investments:</b>                                                                                     |               |                |
| Non-credit component of other-than-temporary impairments on investments, net of tax expense of \$1.2 and \$2.6, respectively                                        | 2.2           | 4.8            |
| <b>Cash flow hedges:</b>                                                                                                                                            |               |                |
| Holding gain, net of tax expense of \$0.4 and \$0.4, respectively                                                                                                   | 0.7           | 0.6            |
| <b>Other:</b>                                                                                                                                                       |               |                |
| Net change in unrecognized periodic benefit costs for defined benefit pension and postretirement benefit plans, net of tax expense of \$4.4 and \$4.5, respectively | 6.8           | 6.7            |
| Foreign currency translation adjustment, net of tax (benefit) expense of \$(0.5) and \$0.4, respectively                                                            | <u>(0.8)</u>  | <u>0.7</u>     |
| Net gain recognized in other comprehensive income, net of tax expense of \$10.5 and \$65.9, respectively                                                            | <u>\$43.4</u> | <u>\$120.1</u> |

## 12. Earnings per Share

The denominator for basic and diluted earnings per share for the three months ended March 31, 2013 and 2012 was as follows:

|                                                                                                            | <b>Three Months Ended<br/>March 31</b> |              |
|------------------------------------------------------------------------------------------------------------|----------------------------------------|--------------|
|                                                                                                            | <u>2013</u>                            | <u>2012</u>  |
| Denominator for basic earnings per share – weighted-average shares                                         | 303.2                                  | 335.0        |
| Effect of dilutive securities – employee and director stock options and non-vested restricted stock awards | <u>2.7</u>                             | <u>4.0</u>   |
| Denominator for diluted earnings per share                                                                 | <u>305.9</u>                           | <u>339.0</u> |

During the three months ended March 31, 2013 and 2012, weighted-average shares related to certain stock options of 11.5 and 10.1, respectively, were excluded from the denominator for diluted earnings per share because the stock options were anti-dilutive.

During the three months ended March 31, 2013, we issued approximately 2.1 restricted stock units under our stock incentive plans, 0.9 of which vesting is contingent upon us meeting specified annual operating gain targets for 2013. The contingent restricted stock units have been excluded from the denominator for diluted earnings per share and will be included only if and when the contingency is met.

## 13. Segment Information

The results of our operations are described through three reportable segments: Commercial, Consumer and Other, as further described in Note 20, “Segment Information,” to our audited consolidated financial statements as of and for the year ended December 31, 2012 included in our 2012 Annual Report on Form 10-K.

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Financial data by reportable segment for the three months ended March 31, 2013 and 2012 is as follows:

|                                           | <u>Commercial</u> | <u>Consumer</u> | <u>Other and<br/>Eliminations</u> | <u>Total</u> |
|-------------------------------------------|-------------------|-----------------|-----------------------------------|--------------|
| <b>Three Months Ended March 31, 2013</b>  |                   |                 |                                   |              |
| Operating revenue from external customers | \$ 8,399.5        | \$7,195.4       | \$ 1,951.4                        | \$17,546.3   |
| Operating gain                            | 1,107.5           | 247.5           | 12.6                              | 1,367.6      |
| <b>Three Months Ended March 31, 2012</b>  |                   |                 |                                   |              |
| Operating revenue from external customers | \$ 8,506.5        | \$4,750.4       | \$ 1,893.3                        | \$15,150.2   |
| Operating gain                            | 991.8             | 217.7           | 3.1                               | 1,212.6      |

A reconciliation of reportable segments' operating revenue to total revenues reported in the consolidated statements of income for the three months ended March 31, 2013 and 2012 is as follows:

|                                                             | <u>Three Months Ended<br/>March 31</u> |                   |
|-------------------------------------------------------------|----------------------------------------|-------------------|
|                                                             | <u>2013</u>                            | <u>2012</u>       |
| Reportable segments operating revenue                       | \$17,546.3                             | \$15,150.2        |
| Net investment income                                       | 162.0                                  | 169.0             |
| Net realized gains on investments                           | 16.8                                   | 106.9             |
| Other-than-temporary impairment losses recognized in income | (37.9)                                 | (10.9)            |
| Total revenues                                              | <u>\$17,687.2</u>                      | <u>\$15,415.2</u> |

A reconciliation of reportable segments' operating gain to income before income tax expense included in the consolidated statements of income for the three months ended March 31, 2013 and 2012 is as follows:

|                                                             | <u>Three Months Ended<br/>March 31</u> |                  |
|-------------------------------------------------------------|----------------------------------------|------------------|
|                                                             | <u>2013</u>                            | <u>2012</u>      |
| Reportable segments operating gain                          | \$1,367.6                              | \$1,212.6        |
| Net investment income                                       | 162.0                                  | 169.0            |
| Net realized gains on investments                           | 16.8                                   | 106.9            |
| Other-than-temporary impairment losses recognized in income | (37.9)                                 | (10.9)           |
| Interest expense                                            | (153.5)                                | (109.1)          |
| Amortization of other intangible assets                     | (67.9)                                 | (58.7)           |
| Income before income tax expense                            | <u>\$1,287.1</u>                       | <u>\$1,309.8</u> |

**ITEM 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

*(In Millions, Except Per Share Data or As Otherwise Stated Herein)*

References to the terms “we”, “our” or “us” used throughout this Management’s Discussion and Analysis of Financial Condition and Results of Operations, or MD&A, refer to WellPoint, Inc., an Indiana corporation, and unless the context otherwise requires, its direct and indirect subsidiaries.

This MD&A should be read in conjunction with our audited consolidated financial statements as of and for the year ended December 31, 2012 and the MD&A included in our 2012 Annual Report on Form 10-K, and our unaudited consolidated financial statements and accompanying notes as of and for the three months ended March 31, 2013 included in this Form 10-Q. Results of operations, cost of care trends, investment yields and other measures for the three month period ended March 31, 2013 are not necessarily indicative of the results and trends that may be expected for the full year ending December 31, 2013. Also see Part I, Item 1A, “Risk Factors” of our 2012 Annual Report on Form 10-K and Part II, Item 1A, “Risk Factors” of this Form 10-Q.

**Overview**

The results of our operations are described through three reportable segments: Commercial, Consumer and Other. We regularly evaluate the appropriateness of our reportable segments, particularly in light of organizational changes, merger and acquisition activity and changing laws and regulations. Therefore, these reportable segments may change in the future. For additional information about our organization, see the “Overview” section of Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2012 Annual Report on Form 10-K.

**Executive Summary**

We are one of the largest health benefits companies in the United States, serving 35.8 medical members through our affiliated health plans and approximately 68.0 individuals through all subsidiaries as of March 31, 2013. We are an independent licensee of the Blue Cross and Blue Shield Association, or BCBSA, an association of independent health benefit plans. We serve our members as the Blue Cross licensee for California and as the Blue Cross and Blue Shield, or BCBS, licensee for: Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (as BCBS in 10 New York city metropolitan and surrounding counties, and as Blue Cross or BCBS in selected upstate counties only), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.), and Wisconsin. In a majority of these service areas we do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, Blue Cross and Blue Shield of Georgia, Empire Blue Cross Blue Shield, or Empire Blue Cross (in our New York service areas). Through our AMERIGROUP Corporation subsidiary, or Amerigroup, we conduct business in Florida, Georgia, Kansas, Louisiana, Maryland, Nevada, New Jersey, New Mexico, New York, Ohio, Tennessee, Texas and Washington. We also serve customers throughout the country as UniCare and in certain Arizona, California, Nevada, New York and Virginia markets through our CareMore Health Group, Inc., or CareMore, subsidiary. We are licensed to conduct insurance operations in all 50 states through our subsidiaries.

Operating revenue for the three months ended March 31, 2013 was \$17,546.3, an increase of \$2,396.1, or 15.8%, from the three months ended March 31, 2012, reflecting higher premium revenue in our Consumer segment, partially offset by lower premium revenue in our Commercial segment. The higher premium revenue in our Consumer segment primarily resulted from the acquisition of Amerigroup in December 2012 and was partially offset by lower revenues in our Medicare Advantage business. The premium revenue decrease in the Commercial segment was driven primarily by fully-insured membership declines in our Local Group business resulting from strategic product portfolio changes in certain states, competitive pressure in certain markets and affordability challenges affecting our members and, we believe, healthcare consumers in general. This decrease was partially offset by premium rate increases in our Local Group business designed to cover overall cost trends.

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Net income for the three months ended March 31, 2013 was \$885.2, a 3.4% increase from the three months ended March 31, 2012. This increase in net income was primarily driven by improved operating results in our Commercial and Consumer segments and lower income taxes, partially offset by lower realized gains, higher interest expense and increased other than temporary impairment losses on investments. For additional details, see “Consolidated Results of Operations” included in this MD&A. Our fully-diluted earnings per share, or EPS, was \$2.89 for the three months ended March 31, 2013, which represented a 14.2% increase over the EPS of \$2.53 for the three months ended March 31, 2012. The increase in EPS resulted primarily from the lower number of shares outstanding in 2013 due to share buy back activity under our share repurchase program, and to a lesser extent, improved net income.

Operating cash flow for the three months ended March 31, 2013 was \$956.9, or 1.1 times net income. Operating cash flow for the three months ended March 31, 2012 was \$1,223.1. The decrease in operating cash flow from 2012 of \$266.2 was driven primarily by changes in the timing of government premium payments, as the first quarter of 2012 included an extra monthly payment. This decline was partially offset by the addition of Amerigroup’s operating cash flow in 2013.

Our results of operations discussed throughout this MD&A are determined in accordance with U.S. generally accepted accounting principles, or GAAP. We also calculate adjusted net income, adjusted EPS and operating gain, which are non-GAAP measure, to further aid investors in understanding and analyzing our core operating results and comparing them among periods. Adjusted net income and adjusted EPS exclude realized gains and losses on investments, other-than-temporary losses on investments recognized in income and certain other items, if applicable, that we do not consider a part of our core operating results. Operating gain is calculated as total operating revenue less benefit expense, selling, general and administrative expense and cost of products. We use these measures as a basis for evaluating segment performance, allocating resources, setting incentive compensation targets and for forecasting future operating periods. This information is not intended to be considered in isolation or as a substitute for income before income tax expense, net income or diluted EPS prepared in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies. For additional details on operating gain, see our “Consolidated Results of Operations” discussion within this MD&A.

The table below reconciles net income and EPS calculated in accordance with GAAP to adjusted net income and adjusted EPS for the three months ended March 31, 2013 and 2012.

|                                                       | Three Months Ended<br>March 31 |                 | Change         | % Change |
|-------------------------------------------------------|--------------------------------|-----------------|----------------|----------|
|                                                       | 2013                           | 2012            |                |          |
| <b>Net income</b>                                     | \$ 885.2                       | \$ 856.5        | \$ 28.7        | 3.4 %    |
| Less:                                                 |                                |                 |                |          |
| Net realized gains on investments                     | 16.8                           | 106.9           | (90.1)         |          |
| Other-than-temporary impairment losses on investments | (37.9)                         | (10.9)          | (27.0)         |          |
| Litigation related costs                              | —                              | 10.0            | (10.0)         |          |
| Acquisition and integration related costs             | —                              | (2.6)           | 2.6            |          |
| Tax effect of adjustments                             | 7.4                            | (41.0)          | 48.4           |          |
| <b>Adjusted net income</b>                            | <u>\$ 898.9</u>                | <u>\$ 794.1</u> | <u>\$104.8</u> | 13.2%    |
| <b>EPS</b>                                            | \$ 2.89                        | \$ 2.53         | \$ 0.36        | 14.2%    |
| Less:                                                 |                                |                 |                |          |
| Net realized gains on investments                     | 0.05                           | 0.32            | (0.27)         |          |
| Other-than-temporary impairment losses on investments | (0.12)                         | (0.03)          | (0.09)         |          |
| Litigation related costs                              | —                              | 0.03            | (0.03)         |          |
| Acquisition and integration related costs             | —                              | (0.01)          | 0.01           |          |
| Tax effect of adjustments                             | 0.02                           | (0.12)          | 0.14           |          |
| <b>Adjusted EPS</b>                                   | <u>\$ 2.94</u>                 | <u>\$ 2.34</u>  | <u>\$ 0.60</u> | 25.6%    |

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### **Sources and Uses of Capital**

We regularly review the appropriate use of capital, including common stock repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock are at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

For additional information regarding our use of capital during the three months ended March 31, 2013, see Note 8, “Debt” and the “Use of Capital – Dividends and Stock Repurchase Program” section of Note 10, “Capital Stock,” to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

### **Membership**

Our medical membership includes seven different customer types: Local Group, Individual, National Accounts, BlueCard<sup>®</sup>, Senior, State-Sponsored and FEP. BCBS-branded business generally refers to members in our service areas licensed by the BCBSA. Non-BCBS-branded business refers to Amerigroup and CareMore members as well as UniCare members predominantly outside of our BCBSA service areas. For a more detailed description of our medical membership, see the “Membership” section of Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2012 Annual Report on Form 10-K.

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The following table presents our medical membership by customer type, funding arrangement and reportable segment as of March 31, 2013 and 2012. Also included below is other membership by product. The medical membership and other membership presented are unaudited and in certain instances include estimates of the number of members represented by each contract at the end of the period.

|                                                 | March 31 |        | Change | % Change |
|-------------------------------------------------|----------|--------|--------|----------|
|                                                 | 2013     | 2012   |        |          |
| (In thousands)                                  |          |        |        |          |
| Medical Membership                              |          |        |        |          |
| Customer Type                                   |          |        |        |          |
| Local Group                                     | 14,520   | 14,757 | (237)  | (1.6)%   |
| Individual                                      | 1,826    | 1,852  | (26)   | (1.4)    |
| National:                                       |          |        |        |          |
| National Accounts                               | 6,972    | 7,178  | (206)  | (2.9)    |
| BlueCard <sup>®</sup>                           | 5,019    | 5,005  | 14     | 0.3      |
| Total National                                  | 11,991   | 12,183 | (192)  | (1.6)    |
| Senior                                          | 1,415    | 1,497  | (82)   | (5.5)    |
| State-Sponsored                                 | 4,517    | 1,867  | 2,650  | 141.9    |
| FEP                                             | 1,540    | 1,517  | 23     | 1.5      |
| Total Medical Membership by Customer Type       | 35,809   | 33,673 | 2,136  | 6.3      |
| Funding Arrangement                             |          |        |        |          |
| Self-Funded                                     | 20,172   | 20,211 | (39)   | (0.2)    |
| Fully-Insured                                   | 15,637   | 13,462 | 2,175  | 16.2     |
| Total Medical Membership by Funding Arrangement | 35,809   | 33,673 | 2,136  | 6.3      |
| Reportable Segment                              |          |        |        |          |
| Commercial                                      | 26,511   | 26,940 | (429)  | (1.6)    |
| Consumer                                        | 7,758    | 5,216  | 2,542  | 48.7     |
| Other                                           | 1,540    | 1,517  | 23     | 1.5      |
| Total Medical Membership by Reportable Segment  | 35,809   | 33,673 | 2,136  | 6.3      |
| Other Membership & Customers                    |          |        |        |          |
| Behavioral Health Members                       | 24,488   | 24,710 | (222)  | (0.9)    |
| Life and Disability Members                     | 4,808    | 4,940  | (132)  | (2.7)    |
| Dental Members                                  | 3,861    | 3,849  | 12     | 0.3      |
| Dental Administration Members                   | 4,897    | 4,128  | 769    | 18.6     |
| Vision Members                                  | 4,619    | 4,270  | 349    | 8.2      |
| Medicare Advantage Part D Members               | 489      | 586    | (97)   | (16.6)   |
| Medicare Part D Standalone Members              | 485      | 590    | (105)  | (17.8)   |
| Retail Vision Customers                         | 3,131    | —      | 3,131  | —        |

### **Medical Membership (in thousands)**

For the rolling 12 months ended March 31, 2013, total medical membership increased 2,136, or 6.3%, primarily due to State-Sponsored membership acquired with the acquisition of Amerigroup, partially offset by decreases in our Local Group, National Accounts and Senior membership.

Self-funded medical membership decreased 39, or 0.2%, primarily due to pricing increases in our National Accounts business.

Fully-insured membership increased 2,175, or 16.2%, primarily due to State-Sponsored membership acquired with the acquisition of Amerigroup, partially offset by membership losses in certain Local Group markets, as well as membership losses in our Senior business, described below.

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Local Group membership decreased 237, or 1.6%, primarily due to strategic product portfolio changes in certain states, competitive pressure in certain markets and affordability challenges affecting our members and, we believe, healthcare consumers in general.

Individual membership decreased 26, or 1.4%, primarily due to a heightened competitive environment in certain markets.

National Accounts membership decreased 206, or 2.9%, primarily driven by pricing increases in our self-funded National Accounts business.

BlueCard<sup>®</sup> membership increased 14, or 0.3%, primarily due to favorable membership activity at other BCBSA plans whose members reside in or travel to our licensed areas.

Senior membership decreased 82, or 5.5%, primarily due to the transition toward HMO product offerings in our Medicare Advantage business.

State-Sponsored membership increased 2,650, or 141.9%, primarily due to membership acquired with the acquisition of Amerigroup.

FEP membership increased 23, or 1.5%, primarily due to favorable in-group change.

### **Other Membership (in thousands)**

Our Other products are often ancillary to our health business, and can therefore be impacted by corresponding changes in our medical membership.

Behavioral health membership decreased 222, or 0.9%, primarily due to the overall declines in our Medicare and fully-insured Local Group membership.

Life and disability membership decreased 132, or 2.7%, primarily due to the overall declines in our Commercial fully-insured medical membership. Life and disability products are generally offered as part of Commercial medical fully-insured membership sales.

Dental membership increased 12, or 0.3%, primarily due to the launch of new dental products in 2012.

Dental administration membership increased 769, or 18.6%, primarily due to the acquisition of a large managed dental contract pursuant to which we provide dental administrative services.

Vision membership increased 349, or 8.2%, primarily due to strong sales in our Local Group, National Accounts and Individual businesses.

Medicare Advantage Part D membership decreased 97, or 16.6%, primarily due to the transition toward HMO product offerings.

Medicare Part D standalone membership decreased 105, or 17.8%, primarily due to competitive pressure in certain markets.

Retail vision customers increased 3,131 due to our acquisition of 1-800 CONTACTS.

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### Cost of Care

The following discussion summarizes our aggregate underlying cost of care trends for the rolling 12 months ended March 31, 2013 for our Local Group fully-insured business only.

Our cost of care trends are calculated by comparing the year-over-year change in average per member per month claim costs, including member co-payments and deductibles. While our cost of care trend varies by geographic location, based on underlying medical cost trends, we believe that a 2013 cost of care trend estimate of 7.0% plus or minus 50 basis points is appropriate.

Overall, our medical cost trend is driven by unit cost. Inpatient hospital trend is in the mid-single digit range and is primarily related to increases in the average cost per admission. While provider rate increases are a primary driver of unit cost trends, we continually negotiate with hospitals to manage these cost trends. We remain committed to optimizing our reimbursement rates and strategies to help address the cost pressures faced by employers and consumers. Both inpatient admission counts per thousand members and inpatient day counts per thousand members are slightly lower than prior year. The average length of stay is slightly higher than prior year. In addition to our re-contracting efforts, a number of clinical management initiatives are in place to help mitigate the inpatient trend. Focused review efforts continue in key areas, including inpatient behavioral health stays and spinal surgery cases, among others. Additionally, we continue to refine our programs related to readmission management, focused utilization management at high cost facilities, and post-discharge follow-up care.

Outpatient trend is in the high single digit range and is 80% cost driven and 20% utilization driven. Outpatient costs are a collection of different types of expenses, such as outpatient facilities, labs, x-rays, emergency room, and occupational and physical therapy. Per visit costs are still the largest contributor to overall outpatient trend, influenced largely by price increases within certain provider contracts. Outpatient utilization (visits per thousand members) is higher than the prior year. We continue to work with vendors and providers to help optimize site of service decisions, including key areas such as emergency room, lab, radiology, sleep studies, and surgery settings. As an example, we have launched a Sleep Management Program through our American Imaging Management subsidiary in a variety of regions. The program aligns the diagnosis and treatment of sleep apnea with clinical guidelines based on widely accepted medical literature, while at the same time enhancing member access to high value providers. This helps ensure treatment compliance by the member, allowing for the continuing payment for equipment rental and ongoing supplies. Programs like this, along with continued expansion and optimization of our utilization management programs, are serving to moderate trend.

Physician services trend is in the mid-single digit range and is 80% unit cost related and 20% utilization related. Increases in the physician care category are partially driven by contracting changes. We continue to collaborate with physicians to improve quality of care through pay-for-performance programs and bundled payment initiatives. Additionally, we continue to enhance our ability to detect and deter fraud and abuse, reducing waste in the system.

Pharmacy trend is in the mid-single digit range and driven primarily by unit cost (cost per prescription). Continued inflation in the average wholesale price of drugs is applying upward pressure to the overall cost per prescription, as is the increasing cost of specialty drugs. The increase in cost per prescription measures continues to be mitigated by improvements in our generic usage rates and benefit plan design changes. We are continuously evaluating our drug formulary to ensure the most effective pharmaceutical therapies are available to our members.

In response to cost trends, we continue to pursue contracting and plan design changes, promote and implement performance-based contracts that reward clinical outcomes and quality, and expand our radiology management, disease management and advanced care management programs. We are taking a leadership role in the area of payment reform as evidenced by the introduction of the Patient Centered Primary Care program. By establishing the primary care doctor as central to the coordination of a patient's health care needs, the initiative

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builds on the success of current patient-centered medical home programs in helping improve patient care while lowering costs. Additionally, our value-based contracting initiative continues to underscore our commitment to partnering with providers to improve quality and lower cost.

As evidenced by our expansion of CareMore into select New York and Virginia markets on January 1, 2013, we remain committed to providing access-based health care products and services that are simple to use and that customers can trust. CareMore's mission is to improve the overall lives and wellbeing of seniors by providing innovative, focused health care approaches to the complex problems of aging, while protecting precious financial resources of seniors and the Medicare Program. CareMore's model is focused on disease management programs that provide Medicare members with a hands-on approach to care coordination and intensive treatment of chronic conditions.

### Consolidated Results of Operations

Our consolidated results of operations for the three months ended March 31, 2013 and 2012 are discussed in the following section.

|                                                                | Three Months Ended<br>March 31 |                 | \$ Change      | % Change             |
|----------------------------------------------------------------|--------------------------------|-----------------|----------------|----------------------|
|                                                                | 2013                           | 2012            |                |                      |
| Total operating revenue                                        | \$17,546.3                     | \$15,150.2      | \$2,396.1      | 15.8%                |
| Net investment income                                          | 162.0                          | 169.0           | (7.0)          | (4.1)                |
| Net realized gains on investments                              | 16.8                           | 106.9           | (90.1)         | (84.3)               |
| Other-than-temporary impairment losses on investments          | (37.9)                         | (10.9)          | (27.0)         | (247.7)              |
| <b>Total revenues</b>                                          | <b>17,687.2</b>                | <b>15,415.2</b> | <b>2,272.0</b> | <b>14.7</b>          |
| Benefit expense                                                | 13,748.7                       | 11,771.9        | 1,976.8        | 16.8                 |
| Selling, general and administrative expense                    | 2,365.0                        | 2,165.7         | 199.3          | 9.2                  |
| Cost of products                                               | 65.0                           | —               | 65.0           | —                    |
| Other expense <sup>1</sup>                                     | 221.4                          | 167.8           | 53.6           | 31.9                 |
| <b>Total expenses</b>                                          | <b>16,400.1</b>                | <b>14,105.4</b> | <b>2,294.7</b> | <b>16.3</b>          |
| <b>Income before income tax expense</b>                        | <b>1,287.1</b>                 | <b>1,309.8</b>  | <b>(22.7)</b>  | <b>(1.7)</b>         |
| Income tax expense                                             | 401.9                          | 453.3           | (51.4)         | (11.3)               |
| <b>Net income</b>                                              | <b>\$ 885.2</b>                | <b>\$ 856.5</b> | <b>\$ 28.7</b> | <b>3.4</b>           |
| Average diluted shares outstanding                             | 305.9                          | 339.0           | (33.1)         | (9.8)%               |
| Diluted net income per share                                   | \$ 2.89                        | \$ 2.53         | \$ 0.36        | 14.2%                |
| Benefit expense ratio <sup>2</sup>                             | 83.7%                          | 83.3%           |                | 40bp <sup>3</sup>    |
| Selling, general and administrative expense ratio <sup>4</sup> | 13.5%                          | 14.3%           |                | (80)bp <sup>3</sup>  |
| Income before income taxes as a percentage of total revenue    | 7.3%                           | 8.5%            |                | (120)bp <sup>3</sup> |
| Net income as a percentage of total revenue                    | 5.0%                           | 5.6%            |                | (60)bp <sup>3</sup>  |

Certain of the following definitions are also applicable to all other results of operations tables in this discussion:

<sup>1</sup> Includes interest expense and amortization of other intangible assets.

<sup>2</sup> Benefit expense ratio = Benefit expense ÷ Premiums. Premiums for the three months ended March 31, 2013 and 2012 were \$16,435.6 and \$14,138.5, respectively, and are included in total operating revenue presented above.

<sup>3</sup> bp = basis point; one hundred basis points = 1%.

<sup>4</sup> Selling, general and administrative expense ratio = Selling, general and administrative expense ÷ Total operating revenue.

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Total operating revenue increased \$2,396.1, or 15.8%, to \$17,546.3 in 2013, resulting primarily from our acquisition of Amerigroup in December 2012. Premium rate increases in our Local Group business designed to cover overall cost trends also contributed to the increased operating revenue. In addition, other revenues generated by 1-800 CONTACTS resulted in an increase over the prior year period. These increases were partially offset by fully-insured membership declines in our Local Group business due to strategic portfolio changes in certain states, competitive pressure in certain markets and affordability challenges affecting our members and, we believe, healthcare consumers in general. Lower revenues in our Medicare Advantage business due to membership declines also partially offset the increased operating revenues.

Net investment income decreased \$7.0, or 4.1%, to \$162.0 in 2013, primarily due to lower investment yields in the current year.

Net realized gains on investments decreased \$90.1, or 84.3%, to \$16.8 in 2013, primarily due to lower realized gains resulting from sales of fixed maturity securities.

Other-than-temporary impairment losses on investments increased \$27.0, or 247.7%, to \$37.9, primarily due to the impairment of certain joint venture investments.

Benefit expense increased \$1,976.8, or 16.8%, to \$13,748.7 in 2013, primarily from our acquisition of Amerigroup and increased benefit cost trends in our Local Group businesses. These increases were partially offset by the fully-insured membership declines in our Local Group business as described above and declines in our Medicare Advantage membership.

Our benefit expense ratio increased 40 basis points to 83.7% in 2013, primarily due to the acquisition of Amerigroup and the resulting change in the overall product mix. This increase was partially offset by the favorable impact of declines in membership in our Local Group businesses in products with higher benefit costs.

Selling, general and administrative expense increased \$199.3, or 9.2%, to \$2,365.0 in 2013, primarily due to the inclusion of selling, general and administrative expense related to our Amerigroup and 1-800 CONTACT subsidiaries in 2013, partially offset by lower personnel costs and advertising expenses.

Our selling, general and administrative expense ratio decreased 80 basis points to 13.5% in 2013, primarily due to the growth in revenue in 2013 related to our acquisition of Amerigroup exceeding the rate of increase in selling, general and administrative expenses. The decrease was further attributable to lower personnel costs and advertising expenses.

Cost of products increased \$65.0 due to the acquisition of 1-800 CONTACTS.

Other expense increased \$53.6, or 31.9%, primarily due to increased interest expense resulting from higher outstanding debt balances and financing costs associated with our acquisition of Amerigroup. In addition, increased amortization of intangible assets acquired with the Amerigroup and 1-800 CONTACTS acquisitions also contributed to the increase in other expense.

Income tax expense decreased \$51.4, or 11.3%, to \$401.9 in 2013, primarily due to a decrease in the effective tax rate. The effective tax rates in 2013 and 2012 were 31.2% and 34.6%, respectively. The decrease in the 2013 effective tax rate resulted primarily from inclusion of Amerigroup in our state apportionment factors calculation, which produces a lower effective state tax rate.

Our net income as a percentage of total revenue decreased 60 basis points to 5.0% in 2013 as compared to 2012 as a result of all factors discussed above.

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### Reportable Segments

We use operating gain to evaluate the performance of our reportable segments, which are Commercial, Consumer and Other. Operating gain is calculated as total operating revenue less benefit expense, selling, general and administrative expense, and cost of products. It does not include net investment income, net realized gains/losses on investments, other-than-temporary impairment losses recognized in income, interest expense, amortization of other intangible assets or income taxes, as these items are managed in a corporate shared service environment and are not the responsibility of operating segment management. For additional information, see Note 13, "Segment Information," to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q. The discussions of segment results for the three months ended March 31, 2013 and 2012 presented below are based on operating gain, as described above, and operating margin, which is calculated as operating gain divided by operating revenue. Our definitions of operating gain and operating margin may not be comparable to similarly titled measures reported by other companies.

Our Commercial, Consumer and Other segments' summarized results of operations for the three months ended March 31, 2013 and 2012 are as follows:

|                   | Three Months Ended<br>March 31 |           | \$ Change       | % Change  |
|-------------------|--------------------------------|-----------|-----------------|-----------|
|                   | 2013                           | 2012      |                 |           |
| <b>Commercial</b> |                                |           |                 |           |
| Operating revenue | \$8,399.5                      | \$8,506.5 | \$ (107.0)      | (1.3)%    |
| Operating gain    | \$1,107.5                      | \$ 991.8  | \$ 115.7        | 11.7%     |
| Operating margin  | 13.2%                          | 11.7%     | NA <sup>1</sup> | 150.0bp   |
| <b>Consumer</b>   |                                |           |                 |           |
| Operating revenue | \$7,195.4                      | \$4,750.4 | \$2,445.0       | 51.5%     |
| Operating gain    | \$ 247.5                       | \$ 217.7  | \$ 29.8         | 13.7%     |
| Operating margin  | 3.4%                           | 4.6%      | NA <sup>1</sup> | (120.0)bp |
| <b>Other</b>      |                                |           |                 |           |
| Operating revenue | \$1,951.4                      | \$1,893.3 | \$ 58.1         | 3.1%      |
| Operating gain    | \$ 12.6                        | \$ 3.1    | \$ 9.5          | 306.5%    |

<sup>1</sup> Not applicable

### Commercial

Operating revenue decreased \$107.0, or 1.3%, to \$8,399.5 in 2013, primarily due to fully-insured membership declines in our Local Group business resulting from strategic product portfolio changes in certain states, competitive pressure in certain markets and affordability challenges affecting our members, and, we believe, healthcare consumers in general. This decrease was partially offset by premium rate increases in our Local Group business designed to cover overall cost trends and revenues generated by 1-800 CONTACTS.

Operating gain increased \$115.7, or 11.7%, to \$1,107.5 in 2013, primarily due to improved results in our Local Group and National businesses. In addition, 1-800 CONTACTS contributed to the increased operating gain. The improved results in our Local Group business resulted from membership decreases in products with lower operating margins.

The operating margin in 2013 was 13.2%, a 150.0 basis point increase from 2012, primarily due to the factors discussed in the preceding two paragraphs.

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### Consumer

Operating revenue increased \$2,445.0, or 51.5%, to \$7,195.4 in 2013, primarily due to the acquisition of Amerigroup, premium rate increases in our Individual business to cover cost trends and increased membership in our CareMore subsidiaries. These increases were partially offset by membership declines in our non-CareMore Medicare Advantage business related to the transition toward HMO product offerings.

Operating gain increased \$29.8, or 13.7%, to \$247.5 in 2013, primarily due to the acquisition of Amerigroup and the transition toward HMO product offerings in our Medicare Part D business. These increases were partially offset by lower operating margins in our Individual business and the impact of the geographic expansion of our CareMore subsidiaries.

The operating margin in 2013 was 3.4%, a 120.0 basis point decrease from 2012, primarily due to the factors discussed in the preceding two paragraphs.

### Other

Operating revenue increased \$58.1, or 3.1%, to \$1,951.4 in 2013, primarily due to growth in our FEP business resulting from both premium rate increases designed to cover overall cost trends and increases in membership during 2013.

Operating gain increased \$9.5 to \$12.6 in 2013, primarily due to lower general and administrative expenses, including lower unallocated corporate expenses.

## VII. Critical Accounting Policies and Estimates

We prepare our consolidated financial statements in conformity with GAAP. Application of GAAP requires management to make estimates and assumptions that affect the amounts reported in our consolidated financial statements and accompanying notes and within this MD&A. We consider some of our most important accounting policies that require estimates and management judgment to be those policies with respect to liabilities for medical claims payable, income taxes, goodwill and other intangible assets, investments and retirement benefits. Our accounting policies related to these items are discussed in our 2012 Annual Report on Form 10-K in Note 2, "Basis of Presentation and Significant Accounting Policies," to our audited consolidated financial statements as of and for the year ended December 31, 2012, as well as in the "Critical Accounting Policies and Estimates" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations." As of March 31, 2013, our critical accounting policies and estimates have not changed from those described in our 2012 Annual Report on Form 10-K.

### ***New Accounting Pronouncements***

In February 2013, the Financial Accounting Standards Board, or FASB, issued Accounting Standards Update 2013-02, *Comprehensive Income (Topic 220): Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*, or ASU 2013-02. ASU 2013-02 amends certain portions of Accounting Standards Codification Topic 220, *Comprehensive Income*, or ASC 220, to improve reporting by requiring the presentation, in one place, of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under GAAP to be reclassified in its entirety to net income. For other amounts that are not required to be reclassified in their entirety to net income in the same reporting period, cross-reference to other disclosures that provide additional detail about those amounts is required. The adoption of ASU 2013-02 did not have an impact on our consolidated financial position, results of operations or cash flows. However, we have added certain disclosures related to the components and reclassification adjustments of accumulated other comprehensive income in Note 11, "Accumulated Other Comprehensive Income (Loss)" to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

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There were no other new accounting pronouncements issued or that became effective during the three months ended March 31, 2013 that had, or are expected to have, a material impact on our financial position, operating results or disclosures.

### Liquidity and Capital Resources

#### Introduction

Our cash receipts result primarily from premiums, administrative fees, investment income, other revenue, proceeds from the sale or maturity of our investment securities, proceeds from borrowings, and proceeds from the exercise of stock options. Cash disbursements result mainly from claims payments, administrative expenses, taxes, purchases of investment securities, interest expense, payments on borrowings, acquisitions, capital expenditures, repurchases of our common stock and the payment of shareholder cash dividends. Cash outflows fluctuate with the amount and timing of settlement of these transactions. Any future decline in our profitability would likely have an unfavorable impact on our liquidity.

For a more detailed overview of our liquidity and capital resources management, see the “Introduction” section included in the “Liquidity and Capital Resources” section of Part II, Item 7, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” included in our 2012 Annual Report on Form 10-K.

#### Liquidity

The table below outlines the change in cash and cash equivalents for the three months ended March 31, 2013 and 2012:

|                                                               | Three Months Ended<br>March 31 |                |
|---------------------------------------------------------------|--------------------------------|----------------|
|                                                               | 2013                           | 2012           |
| <b>Cash flows provided by (used in):</b>                      |                                |                |
| Operating activities                                          | \$ 956.9                       | \$ 1,223.1     |
| Investing activities                                          | (1,195.6)                      | 20.1           |
| Financing activities                                          | (579.1)                        | (1,167.0)      |
| Effect of foreign exchange rates on cash and cash equivalents | (1.5)                          | 1.3            |
| <b>(Decrease) increase in cash and cash equivalents</b>       | <b>\$ (819.3)</b>              | <b>\$ 77.5</b> |

During the three months ended March 31, 2013, net cash flow provided by operating activities was \$956.9, compared to \$1,223.1 for the three months ended March 31, 2012, a decrease of \$266.2. This decrease was driven primarily due to changes in the timing of government premium payments, as the first quarter of 2012 included an extra monthly payment. This decrease was partially offset by the addition of Amerigroup’s operating cash flow in 2013.

Net cash flow used in investing activities was \$1,195.6 during the three months ended March 31, 2013, compared to net cash flow provided by investing activities of \$20.1 for the three months ended March 31, 2012. The change in cash flow from investing activities of \$1,215.7 between the two periods primarily resulted from an increase in net purchases of investments and changes in securities lending collateral.

Net cash flow used in financing activities was \$579.1 during the three months ended March 31, 2013, compared to \$1,167.0 for the three months ended March 31, 2012. The decrease in cash flow used in financing activities of \$587.9 primarily resulted from a decrease in common stock repurchases, an increase in the net proceeds from commercial paper borrowings, changes in securities lending payable and a decrease in repayments of short-term borrowings. These changes were partially offset by an increase in repayments of long-term borrowings.

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### ***Financial Condition***

We maintained a strong financial condition and liquidity position, with consolidated cash, cash equivalents and investments, including long-term investments, of \$22,838.0 at March 31, 2013. Since December 31, 2012, total cash, cash equivalents and investments, including long-term investments, increased by \$364.0 primarily due to cash generated from operations and changes in unrealized gains on investments, partially offset by common stock repurchases, the repayment of long-term debt, purchases of property and equipment and cash dividends paid to shareholders.

Many of our subsidiaries are subject to various government regulations that restrict the timing and amount of dividends and other distributions that may be paid to their respective parent companies. Certain accounting practices prescribed by insurance regulatory authorities, or statutory accounting practices, differ from GAAP. Changes that occur in statutory accounting practices, if any, could impact our subsidiaries' future dividend capacity. In addition, we have agreed to certain undertakings with regulatory authorities, including requirements to maintain certain capital levels in certain of our subsidiaries.

At March 31, 2013, we held at the parent company \$1,396.8 of cash and cash equivalents and investments, which is available for general corporate use, including investment in our businesses, acquisitions, potential future share repurchases and shareholder dividends and debt and interest payments.

We calculate a non-GAAP measure, our consolidated debt-to-capital ratio, which we believe assists investors and rating agencies in measuring our overall leverage and additional borrowing capacity. In addition, our bank covenants indicate a maximum debt-to-capital ratio that we cannot exceed. Our targeted range of debt-to-capital ratio is 25% to 35%. Our debt-to-capital ratio is calculated as the sum of debt divided by the sum of debt plus shareholders' equity. Our debt-to-capital ratio may not be comparable to similarly titled measures reported by other companies. Our consolidated debt-to-capital ratio was 37.8% and 38.6% as of March 31, 2013 and December 31, 2012, respectively. The higher than target consolidated debt-to-capital ratio at March 31, 2013 and December 31, 2012 was primarily due to the increased debt we incurred to finance our acquisition of Amerigroup, and we expect over time to return to targeted levels.

Our senior debt is rated "A-" by Standard & Poor's, "BBB+" by Fitch, Inc., "Baa2" by Moody's Investor Service, Inc. and "bbb+" by AM Best Company, Inc. We intend to maintain our senior debt investment grade ratings. A significant downgrade in our debt ratings could adversely affect our borrowing capacity and costs.

### ***Future Sources and Uses of Liquidity***

We regularly review the appropriate use of capital, including common stock repurchases and dividends to shareholders. The declaration and payment of any dividends or repurchases of our common stock is at the discretion of our Board of Directors and depends upon our financial condition, results of operations, future liquidity needs, regulatory and capital requirements and other factors deemed relevant by our Board of Directors.

For additional information regarding our use of capital during the three months ended March 31, 2013, see Note 8, "Debt" and the "Use of Capital – Dividends and Stock Repurchase Program" section of Note 10, "Capital Stock" to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

For additional information regarding our future sources and uses of liquidity, see "Future Sources and Uses of Liquidity" included in the "Liquidity and Capital Resources" section of Part II, Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our 2012 Annual Report on Form 10-K.

### ***Contractual Obligations and Commitments***

We believe that funds from future operating cash flows, cash and investments and funds available under our credit agreement or from public or private financing sources will be sufficient for future operations and commitments, and for capital acquisitions and other strategic transactions.

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For additional information regarding our estimated contractual obligations and commitments, see the “Other Contingencies” and “Contractual Obligations and Commitments” sections of Note 9, “Commitments and Contingencies,” to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q. There have been no material changes to our Contractual Obligations and Commitments disclosure in our 2012 Annual Report on Form 10-K other than the early redemption on January 25, 2013 of the outstanding principal balance of Amerigroup’s \$475.0 of 7.500% senior unsecured notes due 2019. See Note 8, “Debt” to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

### ***Risk-Based Capital***

Our regulated subsidiaries’ states of domicile have statutory risk-based capital, or RBC, requirements for health and other insurance companies and health maintenance organizations largely based on the National Association of Insurance Commissioners, or NAIC, RBC Model Act. These RBC requirements are intended to measure capital adequacy, taking into account the risk characteristics of an insurer’s investments and products. The NAIC sets forth the formula for calculating the RBC requirements, which are designed to take into account asset risks, insurance risks, interest rate risks and other relevant risks with respect to an individual insurance company’s business. In general, under this Act, an insurance company must submit a report of its RBC level to the state insurance department or insurance commissioner, as appropriate, at the end of each calendar year. Our regulated subsidiaries’ respective RBC levels as of December 31, 2012, which was the most recent date for which reporting was required, were in excess of all mandatory RBC thresholds. In addition to exceeding the RBC requirements, we are in compliance with the liquidity and capital requirements for a licensee of the BCBSA and with the tangible net worth requirements applicable to certain of our California subsidiaries.

**Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995**

*This document contains certain forward-looking information about us that is intended to be covered by the safe harbor for “forward-looking statements” provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not generally historical facts. Words such as “expect(s),” “feel(s),” “believe(s),” “will,” “may,” “anticipate(s),” “intend,” “estimate,” “project” and similar expressions are intended to identify forward-looking statements, which generally are not historical in nature. These statements include, but are not limited to, financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: those discussed and identified in our public filings with the U.S. Securities and Exchange Commission, or SEC; increased government participation in, or regulation or taxation of health benefits and managed care operations, including, but not limited to, the impact of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010; trends in health care costs and utilization rates; our ability to secure sufficient premium rates including regulatory approval for and implementation of such rates; our ability to contract with providers consistent with past practice; our ability to integrate and achieve expected synergies and operating efficiencies in the Amerigroup and 1-800 CONTACTS, Inc. acquisitions within the expected timeframes or at all and to successfully integrate our operations, as such integrations may be more difficult, time consuming or costly than expected, revenues following the transactions may be lower than expected and operating costs, customer loss and business disruption, including, without limitation, difficulties in maintaining relationships with employees, customers, clients and suppliers, may be greater than expected following the transactions; competitor pricing below market trends of increasing costs; reduced enrollment, as well as a negative change in our health care product mix; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon and funding risks with respect to revenue received from participation therein; a downgrade in our financial strength ratings; litigation and investigations targeted at our industry and our ability to resolve litigation and investigations within estimates; medical malpractice or professional liability claims or other risks related to health care services provided by our subsidiaries; risks inherent in selling health care products in the consumer retail market; our ability to repurchase shares of our common stock and pay dividends on our common stock due to the adequacy of our cash flow and earnings and other considerations; non-compliance by any party with the Express Scripts, Inc. pharmacy benefit management services agreement, which could result in financial penalties, our inability to meet customer demands, and sanctions imposed by governmental entities, including the Centers for Medicare and Medicaid Services; events that result in negative publicity for us or the health benefits industry; failure to effectively maintain and modernize our information systems and e-business organization and to maintain good relationships with third party vendors for information system resources; events that may negatively affect our licenses with the Blue Cross and Blue Shield Association; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; intense competition to attract and retain employees; unauthorized disclosure of member sensitive or confidential information; changes in the economic and market conditions, as well as regulations that may negatively affect our investment portfolios and liquidity; possible restrictions in the payment of dividends by our subsidiaries and increases in required minimum levels of capital and the potential negative effect from our substantial amount of outstanding indebtedness; general risks associated with mergers and acquisitions; various laws and provisions in our governing documents that may prevent or discourage takeovers and business combinations; future public health epidemics and catastrophes; and general economic downturns. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by federal securities law, we do not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures in our SEC reports.*

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### ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

For a detailed discussion of our market risks, refer to Part II, Item 7A, “Quantitative and Qualitative Disclosures about Market Risk,” included in our 2012 Annual Report on Form 10-K. There have been no material changes to any of these risks since December 31, 2012.

### ITEM 4. CONTROLS AND PROCEDURES

We carried out an evaluation as of March 31, 2013, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures as defined in Rule 13a-15(e) of the Securities Exchange Act of 1934, as amended, or the Exchange Act. Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures are effective in timely alerting them to material information relating to us (including our consolidated subsidiaries) required to be disclosed in our reports under the Exchange Act. In addition, based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is accumulated and communicated to our management, including the Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosures.

There have been no changes in our internal control over financial reporting that occurred during the three months ended March 31, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II. OTHER INFORMATION

### ITEM 1. LEGAL PROCEEDINGS

For information regarding legal proceedings at March 31, 2013, see the “Litigation” and “Other Contingencies” sections of Note 9, “Commitments and Contingencies” to our unaudited consolidated financial statements included in Part I, Item 1 of this Form 10-Q.

### ITEM 1A. RISK FACTORS

There have been no material changes to the risk factors disclosed in our 2012 Annual Report on Form 10-K.

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### ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

#### Issuer Purchases of Equity Securities

The following table presents information related to our repurchases of common stock for the periods indicated:

|                                                |              |            |              | Approximate  |
|------------------------------------------------|--------------|------------|--------------|--------------|
|                                                |              |            | Total Number | Dollar Value |
|                                                |              |            | of Shares    | of Shares    |
|                                                |              |            | Purchased    | that May Yet |
|                                                |              |            | as Part      | Be Purchased |
|                                                |              |            | of Publicly  | Under the    |
|                                                |              |            | Announced    | Programs     |
|                                                |              |            | Programs     |              |
| Period                                         | Total Number | Average    | as Part      |              |
| (in millions, except share and per share data) | of Shares    | Price Paid | of Publicly  |              |
|                                                | Purchased    | per Share  | Announced    |              |
|                                                | <sup>1</sup> |            | Programs     |              |
|                                                |              |            | <sup>2</sup> |              |
| January 1, 2013 to January 31, 2013            | 1,091,377    | \$ 59.01   | 1,090,800    | \$ 1,772.5   |
| February 1, 2013 to February 28, 2013          | 1,399,270    | 62.65      | 1,307,600    | 1,690.5      |
| March 1, 2013 to March 31, 2013                | 3,098,607    | 63.58      | 3,053,100    | 1,496.6      |
|                                                | 5,589,254    |            | 5,451,500    |              |

<sup>1</sup> Total number of shares purchased includes 137,754 delivered to or withheld by us in connection with employee payroll tax withholding upon exercise or vesting of stock awards. Stock grants to employees and directors and stock issued for stock option plans and stock purchase plans in the consolidated statements of shareholders' equity are shown net of these shares purchased.

<sup>2</sup> Represents the number of shares repurchased through our repurchase program authorized by our Board of Directors. During the three months ended March 31, 2013, we repurchased 5,451,500 shares at a cost of \$340.2 under the program. Our Board of Directors' most recent authorized increase to our share repurchase program was \$5,000.0 on September 29, 2011.

### ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

### ITEM 4. MINE SAFETY DISCLOSURES

None.

### ITEM 5. OTHER INFORMATION

None.

### ITEM 6. EXHIBITS

Exhibits: A list of exhibits required to be filed as part of this Form 10-Q is set forth in the Index to Exhibits, which immediately precedes such exhibits, and is incorporated herein by reference.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

**WELLPOINT, INC.**

Registrant

Date: April 24, 2013

By: / s / W A Y N E S. D E V E Y D T  
Wayne S. DeVeydt  
Executive Vice President and Chief Financial Officer  
(Duly Authorized Officer and Principal Financial Officer)

Date: April 24, 2013

By: / s / J O H N E. G A L L I N A  
John E. Gallina  
Senior Vice President, Controller, Chief Accounting Officer and Chief Risk  
Officer (Principal Accounting Officer)

**INDEX TO EXHIBITS**

| <u>Exhibit<br/>Number</u> | <u>Exhibit</u>                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 3.1                       | Articles of Incorporation of the Company, as amended effective May 17, 2011, incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 20, 2011.                                                                                                                                                                                                                                                                                                 |
| 3.2                       | By-Laws of the Company, as amended effective September 12, 2012, incorporated by reference to Exhibit 3.2 to the Company's Current Report on Form 8-K filed on September 14, 2012.                                                                                                                                                                                                                                                                                                       |
| 4.1                       | Upon the request of the Securities and Exchange Commission, the Company will furnish copies of any other instruments defining the rights of holders of long-term debt of the Company or its subsidiaries.                                                                                                                                                                                                                                                                                |
| 10.1*                     | Offer Letter, by and between WellPoint, Inc., and Joseph R. Swedish, dated as of February 6, 2013, incorporated by reference to Exhibit 10.1 to the Company's Current Report on Form 8-K filed on February 12, 2013.                                                                                                                                                                                                                                                                     |
| 10.2*                     | (s) Form of Incentive Compensation Plan Nonqualified Stock Option Award Agreement for 2013.<br>(t) Form of Incentive Compensation Plan Restricted Stock Unit Award Agreement for 2013.<br>(u) Form of Incentive Compensation Plan Performance Share Award Agreement for 2013.                                                                                                                                                                                                            |
| 10.3*                     | WellPoint, Inc. Comprehensive Non-Qualified Deferred Compensation Plan, as amended and restated effective January 1, 2014.                                                                                                                                                                                                                                                                                                                                                               |
| 10.4*                     | Second Amendment to Employment Agreement between WellPoint, Inc. and Richard C. Zoretic dated as of April 23, 2013, incorporated by reference to Exhibit 10.16(b) to the Company's Current Report on Form 8-K filed on April 23, 2013.                                                                                                                                                                                                                                                   |
| 31.1                      | Certification of Chief Executive Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                  |
| 31.2                      | Certification of Chief Financial Officer pursuant to Rule 13a-14(a) and Rule 15d-14(a) of the Exchange Act Rules, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                  |
| 32.1                      | Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                       |
| 32.2                      | Certification of Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.                                                                                                                                                                                                                                                                                                                                       |
| 101                       | The following material from WellPoint, Inc.'s Quarterly Report on Form 10-Q, for the quarter ended March 31, 2013, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Balance Sheets; (ii) the Consolidated Statements of Income; (iii) the Consolidated Statements of Comprehensive Income; (iv) the Consolidated Statements of Cash Flows; (v) the Consolidated Statements of Shareholders' Equity; and (vi) Notes to Consolidated Financial Statements. |

\* Indicates management contracts or compensatory plans or arrangements.

**Schedule A**  
**Notice of Option Grant**

**Participant:** [•]

**Company:** WellPoint, Inc.

**Notice:** You have been granted the following nonqualified stock option to purchase shares of common stock of the Company in accordance with the terms of the Plan and the attached Nonqualified Stock Option Award Agreement.

**Plan:** WellPoint Incentive Compensation Plan

**Grant:** Grant Date: [•]  
Option Price per Share: \$[•]  
Number of Shares under Option: [•]

**Exercisability:** Subject to the terms of the Plan and this Agreement, your Option will become exercisable on and after the dates indicated below as to the number of Shares set forth below opposite each such date, plus any Shares as to which your Option could have been exercised previously but was not so exercised.

| Shares                                                                                                                                                                                                                                                                                                                                                                          | Date |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| <p>In the event that a Change of Control (as defined in the Plan) occurs before your Termination, your Option will remain subject to the terms of this Agreement, unless the successor company does not assume your Option. If a successor company does not assume your Option, then your Option shall become fully exercisable immediately prior to the Change of Control.</p> |      |

**Expiration Date:** Your Option will expire seven years from the Grant Date, subject to earlier termination as set forth in the Plan and this Agreement.

**Rejection:** If you do not want to accept your Option, please return this Agreement, executed by you on the last page of this Agreement, at any time within sixty (60) days after the Grant Date to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration. **Do not return a signed copy of this Agreement if you accept your Option** . If you do not return a signed copy of this Agreement within sixty (60) days after the Grant Date, you will have accepted your Option and agreed to the terms and conditions set forth in this Agreement and the terms and conditions of the Plan. <sup>1</sup>

<sup>1</sup> For stock option grants to Richard Zoretic, the additional phrase is added to this section: “provided that no restrictive covenants to you under the Plan shall be broader or of a greater duration than the restrictive covenants applicable to you under your Employment Agreement with the Company, dated as of July 9, 2012 (the “Employment Agreement”).”

## Nonqualified Stock Option Award Agreement

This Nonqualified Stock Option Award Agreement (this “Agreement”) dated as of the Grant Date (the “Grant Date”) set forth in the Notice of Option Grant attached as Schedule A hereto (the “Grant Notice”) is made between WellPoint, Inc. (the “Company”) and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Grant of the Option. Subject to the provisions of this Agreement and the provisions of the Plan, the Company hereby grants to the Participant, pursuant to the Plan, the right and option (the “Option”) to purchase all or any part of the number of shares of common stock of the Company (“Shares”) as set forth in the Grant Notice at an Option Price (“Option Price”) per share and on the other terms as set forth in the Grant Notice. This Option is intended to be a nonqualified stock option for federal income tax purposes.

2. Method of Exercise of the Option.

(a) The Participant may exercise the Option, to the extent then exercisable, by delivering a notice to the Company’s captive broker in a form specified or accepted by the captive broker, specifying the number of Shares with respect to which the Option is being exercised.

(b) At the time the Participant exercises the Option, the Participant shall pay the Option Price of the Shares as to which the Option is being exercised and applicable taxes (i) in United States dollars by personal check, bank draft or money order; (ii) subject to such terms, conditions and limitations as the Compensation Committee of the Board of Directors of the Company (“Committee”) may prescribe, by tendering (either by actual delivery or attestation) unencumbered Shares previously acquired by the Participant having an aggregate Fair Market Value at the time of exercise equal to the total Option Price of the Shares for which the Option is so exercised; (iii) subject to such terms, conditions and limitations as the Committee may prescribe, a cashless (broker-assisted) exercise that complies with all applicable laws; or (iv) by a combination of the consideration provided for in the foregoing clauses (i), (ii) and (iii).

3. Termination. The Option shall terminate upon the Participant’s Termination for any reason and no Shares may thereafter be purchased under the Option except as provided below. Notwithstanding anything contained in this Agreement, the Option shall not be exercisable after the Expiration Date.

(a) *Retirement*. If the Participant’s Termination is due to Retirement (for purposes of this Agreement, defined as the Participant’s Termination after attaining age fifty-five (55) with at least ten (10) completed years of service), the Option shall continue to become exercisable according to the schedule set forth in the Grant Notice; *provided* that the Option shall terminate on the five-year anniversary of the date of the Participant’s Retirement but not later than the Expiration Date noted on the attached Schedule A; *provided, further*, that if the Participant’s Termination is due to Retirement during the calendar year of the Grant Date, the Option shall be immediately terminated on a pro-rata basis, measured by the number of completed full months in that calendar year during which the Participant was employed by the Company or an Affiliate (e.g., if the Participant’s Retirement occurs in September, 33.3% (or 4/12) of the Option shall be immediately terminated), and the non-terminated portion of the Option shall continue to become exercisable according to the schedule set forth in the Grant Notice.<sup>2</sup>

(b) *Death and Disability*. If the Participant’s Termination is due to the Participant’s death or Disability (for purposes of this Agreement, as defined in the applicable WellPoint Long-Term Disability Plan), the Option shall immediately become fully exercisable and shall terminate on the five-year anniversary of the date of such Termination but not later than the Expiration Date noted on the attached Schedule A.

(c) *Termination without Cause*.<sup>3</sup> Unless Section 3(e) is applicable, if the Participant’s Termination is by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of “conduct” as such term is defined in the WellPoint HR Corrective Action Policy and if the Participant participates

<sup>2</sup> This retirement provision is deleted in non-annual retention grants.

<sup>3</sup> For stock option grants to Joseph R. Swedish, this section also references Good Reason. Both Cause and Good Reason are defined in his February 6, 2013 Offer Letter. A new section is then added entitled Termination without Good Reason.

in the WellPoint, Inc. Executive Agreement Plan (the "Agreement Plan"), the Key Associate Agreement or the Key Sales Associate Agreement also as defined in that plan or agreement) or voluntarily by the Participant, the Option, to the extent exercisable as of the date of such Termination, shall thereafter only be exercisable for a period of forty-five (45) days from the date of such Termination., but not later than the Expiration Date noted on the attached Schedule A. <sup>4</sup>

(d) *Cause*. If the Participant's Termination is for Cause, even if on the date of such Termination the Participant has met the definition of Retirement or Disability, then the portion of the Option that has not been exercised shall immediately terminate.

(e) *Termination after Change in Control*. If after a Change in Control the Participant's Termination is (i) by the Company or an Affiliate without Cause or (ii) if the Participant participates in the Executive Agreement Plan, by the Participant for Good Reason (as defined in the Executive Agreement Plan), the Option shall immediately become fully exercisable and shall terminate on the five-year anniversary of the date of such Termination but not later than the Expiration Date noted on the attached Schedule A. <sup>5 6</sup>

(f) *Clawback Provision*. Notwithstanding any other provisions of this Agreement to the contrary, in the event that the Participant is a non-executive participant in the Agreement Plan, is an Executive (as defined by the Company) at the time of the Participant's Termination, regardless of whether the Executive is then a participant in such Agreement Plan, or has the Amerigroup title of EVP or Regional CEO, the Option shall immediately terminate if the Participant breaches any provision of Section 3.6 or 3.10 of the Agreement Plan, in which case the Participant shall be subject to the "Return of Consideration" provision contained in Section 3.7 of the Agreement Plan. <sup>7</sup>

4. Transferability of the Option. The Option shall not be transferable or assignable by the Participant except as provided in this Section 4 and the Option shall be exercisable, during the Participant's lifetime, only by him/her or, during periods of legal disability, by his guardian or other legal representative. No Option shall be subject to execution, attachment, or similar process. The Participant shall have the right to appoint any individual or legal entity in writing, on a Designation of Beneficiary form as his/her beneficiary to receive any Option (to the extent not previously terminated or forfeited) under this Agreement upon the Participant's death. Such designation under this Agreement may be revoked by the Participant at any time and a new beneficiary may be appointed by the Participant by execution and submission to the Company, or its designee, of a revised Designation of Beneficiary form to this Agreement. In order to be effective, a designation of beneficiary must be completed by the Participant on the Designation of Beneficiary form and received by the Company, or its designee, prior to the date of the Participant's death. If the Participant dies without such designation, the Option may be exercised only by the executor or administrator of the Participant's estate or by a person who shall have acquired the right to such exercise by will or by the laws of descent and distribution.

5. Taxes and Withholdings. At the time of receipt of Shares upon the exercise of all or any part of the Option, the Participant shall pay to the Company in cash (or make other arrangements, in accordance with Article XVIII of the Plan, for the satisfaction of) any taxes of any kind required by law to be withheld with respect to such Shares; *provided, however*, that pursuant to any procedures, and subject to any limitations as the Committee may prescribe and subject to applicable law, the Participant may elect to satisfy, in whole or in part, such withholding obligations by (a) withholding Shares otherwise deliverable to the Participant pursuant to the Option ( *provided, however*, that the amount of any Shares so withheld shall not exceed the amount necessary to satisfy required Federal, state, local and non-United States withholding obligations using the minimum statutory withholding rates for Federal, state, local and/or non-U.S. tax purposes, including payroll taxes, that are applicable

<sup>4</sup> For grants to Richard Zoretic, Cause is defined in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

<sup>5</sup> For grants to Richard Zoretic, Good Reason is defined in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

<sup>6</sup> For grants to Joseph R. Swedish, Cause is defined in his February 6, 2013 Offer Letter and this section contains the appropriate reference to his Offer Letter.

<sup>7</sup> For grants to Richard Zoretic, restrictive covenants and clawback provisions are included in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

to supplemental taxable income) and/or (b) tendering to the Company Shares owned by the Participant (or the Participant and the Participant's spouse jointly) based, in each case, on the Fair Market Value of the Shares on the payment date as determined by the Committee. Any such election made by the Participant must be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Committee, in its sole discretion, deems appropriate.

6. No Rights as a Shareholder. Neither the Participant nor any other person shall become the beneficial owner of the Shares subject to the Option, nor have any rights to dividends or other rights as a shareholder with respect to any such Shares, until the Participant has actually received such Shares following the exercise of the Option in accordance with the terms of the Plan and this Agreement.

7. No Right to Continued Employment. Neither the Option nor any terms contained in this Agreement shall confer upon the Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate the Participant's employment or service at any time with or without Cause. The Participant acknowledges and agrees that any right to exercise the Option is earned only by continuing as an employee of the Company or an Affiliate at the will of the Company or such Affiliate, or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Option or acquiring Shares hereunder.

8. The Plan. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.

9. Compliance with Laws and Regulations.

(a) The Option and the obligation of the Company to sell and deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Option may not be exercised if its exercise, or the receipt of Shares pursuant thereto, would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) The Shares received upon the exercise of the Option shall have been registered under the Securities Act of 1933 ("Securities Act"). If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If at the time of exercise of all or part of the Option, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees

that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

10. Notices. All notices by the Participant or the Participant’s assignees shall be addressed to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant’s address in the Company’s records.

11. Other Plans. The Participant acknowledges that any income derived from the exercise of the Option shall not affect the Participant’s participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

12. Recoupment Policy for Incentive Compensation. The Company’s Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Option, any Shares acquired upon exercise of the Option and any profits realized from the sale of such Shares to the extent that the Participant is covered by such policy. If the Participant is covered by such policy, the policy may apply to recoup the Option, any Shares acquired upon exercise of the Option or profits realized from the sale of Shares previously covered by the Option either before, on or after the date on which the Participant becomes subject to such policy.

WELLPOINT, INC.

By: \_\_\_\_\_  
Printed: Ramiro G. Peru  
Its: Chairman, Compensation Committee  
WellPoint, Inc. Board of Directors

I DO NOT accept this Option:

Signature: \_\_\_\_\_  
\_\_\_\_\_

Date \_\_\_\_\_

Printed Name: \_\_\_\_\_

**Schedule A**  
**Notice of Restricted Stock Unit Grant**

**Participant:** [•]

**Company:** WellPoint, Inc.

**Notice:** You have been granted the following award of restricted stock units of common stock of the Company in accordance with the terms of the Plan and the attached Restricted Stock Unit Award Agreement.

**Plan:** WellPoint Incentive Compensation Plan

**Grant:** Grant Date[•]  
Number of Restricted Stock Units: [•]

**Period of Restriction:** The Period of Restriction applicable to the number of your Restricted Stock Units listed in the “Shares” column below, and any related Dividend Equivalents, shall commence on the Grant Date and shall lapse on the date listed in the “Lapse Date” column below.

| Shares | Lapse Date |
|--------|------------|
| [•]    | [•]        |
| [•]    | [•]        |
| [•]    | [•]        |

In the event that a Change of Control (as defined in the Plan) occurs before your Termination, your Restricted Stock Unit Grant will remain subject to the terms of this Agreement, unless the successor company does not assume the Restricted Stock Unit Grant. If the successor company does not assume the Restricted Stock Unit Grant, then the Period of Restriction shall immediately lapse upon a Change of Control and the Shares covered by the award shall be immediately delivered upon the Change of Control, provided that in the event that the Restricted Stock Unit Grant is deferred compensation within the meaning of Code Section 409A, such Shares shall only be delivered upon the Change of Control if such Change of Control is a “change in control event” within the meaning of Code Section 409A and the delivery is made in accordance with Treasury Regulation 1-409A-3(j)(ix).

**Rejection:** If you do not want to accept your Restricted Stock Units, please return this Agreement, executed by you on the last page of this Agreement, at any time within sixty (60) days after the Grant Date to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration. **Do not return a signed copy of this Agreement if you accept your Restricted Stock Units.** If you do not return a signed copy of this Agreement within sixty (60) days after the Grant Date, you will have accepted your Restricted Stock Units and agreed to the terms and conditions set forth in this Agreement and the terms and conditions of the Plan. <sup>1</sup>

<sup>1</sup> For restricted stock unit awards to Richard Zoretic, this additional phrase is added to this section: “provided that no restrictive covenants to you under the Plan shall be broader or of a greater duration than the restrictive covenants applicable to you under your Employment Agreement with the Company, dated as of July 9, 2012 (the “Employment Agreement”).”

## Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (this “Agreement”) dated as of the Grant Date (the “Grant Date”) set forth in the Notice of Restricted Stock Unit Grant attached as Schedule A hereto (the “Grant Notice”) is made between WellPoint, Inc. (the “Company”) and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Period of Restriction. The Period of Restriction with respect to the Restricted Stock Units shall be as set forth in the Grant Notice (the “Period of Restriction”). The Participant acknowledges that prior to the expiration of the applicable portion of the Period of Restriction, the Restricted Stock Units may not be sold, transferred, pledged, assigned, encumbered, alienated, hypothecated or otherwise disposed of (whether voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy)). Upon the expiration of the applicable portion of the Period of Restriction described in the attached Grant Notice, the restrictions set forth in this Agreement with respect to the Restricted Stock Units theretofore subject to such expired Period of Restriction shall lapse and the Shares covered by the related portion of the award shall be immediately delivered, except as may be provided in accordance with Section 10 hereof.

2. Ownership. Upon expiration of the applicable portion of the Period of Restriction described in the attached Grant Notice, the Company shall transfer the Shares covered by the related portion of the award to the Participant’s account with the Company’s captive broker.

3. Termination.

(a) *Retirement*. If the Participant’s Termination is due to Retirement (for purposes of this Agreement, defined as the Participant’s Termination after attaining age fifty-five (55) with at least ten (10) completed years of service), the restrictions upon the Restricted Stock Units shall continue to lapse throughout the Period of Restriction and the Shares covered by the related portion of the Restricted Stock Units shall continue to be delivered upon the applicable Lapse Date; *provided, however*, that if the Participant’s Termination due to Retirement is during the calendar year of the Grant Date, the Restricted Stock Units shall be forfeited on a pro-rata basis, measured by the number of completed full months in that calendar year during which the Participant was employed by the Company or an Affiliate ( *e.g.* , if the Participant’s Retirement occurs in September, 33.3% (or 4/12) of the Restricted Stock Units will be forfeited), and the Period of Restriction on the non-forfeited portion of the Restricted Stock Units shall continue to lapse throughout the Period of Restriction described in the attached Grant Notice and the Shares covered by the related portion of the Restricted Stock Units shall continue to be delivered upon the applicable Lapse Date. <sup>2</sup>

(b) *Death and Disability*. If the Participant’s Termination is due to death or Disability (for purposes of this Agreement, as defined in the applicable WellPoint Long-Term Disability Plan), then the Period of Restriction shall immediately lapse, causing any restrictions which would otherwise remain on the Restricted Stock Units to immediately lapse and the Shares covered by the Restricted Stock Units shall be immediately delivered.

(c) *Other Terminations*. Unless Section 3(d) is applicable, if the Participant’s Termination is by the Company or an Affiliate or by the Participant for any reason other than death, Disability or Retirement, then all Restricted Stock Units for which the Period of Restriction had not lapsed prior to the date of such Termination shall be immediately forfeited. <sup>3</sup>

<sup>2</sup> This retirement provision is deleted in non-annual retention awards.

<sup>3</sup> For restricted stock unit awards to Joseph R. Swedish, this section is renumbered and appears as Section 3(e) with applicable references to the previous lettered sections.

(d) *Termination after Change in Control* .<sup>4</sup> If after a Change in Control the Participant's Termination is (i) by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of "conduct" as such term is defined in the WellPoint HR Corrective Action Policy and if the Participant participates in the WellPoint, Inc. Executive Agreement Plan (the "Agreement Plan"), the Key Associate Agreement or the Key Sales Associate Agreement also as defined in that plan or agreement) or (ii), if the Participant participates in the Agreement Plan, by the Participant for Good Reason (as defined in the Agreement Plan), then the Period of Restriction on all Restricted Stock Units shall immediately lapse, causing any restrictions which would otherwise remain on the Restricted Stock Units to immediately lapse and the Shares covered by the Restricted Stock Units shall be immediately delivered. Notwithstanding any provision of this Agreement to the contrary, in the event that the restrictions on any Restricted Stock Units lapse under any provision of this Section 3 by reason of any Termination and such Termination occurs within the two year period following a Change in Control that is a "change in control event" within the meaning of Code Section 409A, the Shares subject to the Participant's Restricted Stock Units shall be delivered to the Participant immediately upon such Termination.<sup>5</sup>

(e) *Clawback Provision* . Notwithstanding any other provisions of this Agreement to the contrary, in the event that the Participant is a non-executive participant in the Agreement Plan, is an Executive (as defined by the Company) at the time of the Participant's Termination, regardless of whether the Executive is then a participant in such Agreement Plan, or has the Amerigroup title of EVP or Regional CEO, the Restricted Stock Units shall be forfeited if the Participant breaches any provision of Section 3.6 or 3.10 of the Agreement Plan, in which case the Participant shall be subject to the "Return of Consideration" provision contained in Section 3.7 of the Agreement Plan.<sup>6</sup>

4. Transferability of the Restricted Stock Units . The Participant shall have the right to appoint any individual or legal entity in writing, on a Designation of Beneficiary form, as his/her beneficiary to receive any Restricted Stock Units (to the extent not previously terminated or forfeited) under this Agreement upon the Participant's death. Such designation under this Agreement may be revoked by the Participant at any time and a new beneficiary may be appointed by the Participant by execution and submission to the Company, or its designee, of a revised Designation of Beneficiary form to this Agreement. In order to be effective, a designation of beneficiary must be completed by the Participant on the Designation of Beneficiary form and received by the Company, or its designee, prior to the date of the Participant's death. If the Participant dies without such designation, the Restricted Stock Units will become part of the Participant's estate.

5. Dividend Equivalents . In the event the Company declares a dividend on Shares (as defined in the Plan), for each unvested Restricted Stock Unit on the dividend payment date, the Participant shall be credited with a Dividend Equivalent, payable in cash, with a value equal to the value of the declared dividend. The Dividend Equivalents shall be subject to the same restrictions as the unvested Restricted Stock Units to which they relate. No interest or other earnings shall be credited on the Dividend Equivalents. Subject to continued employment with the Company and Affiliates, the restrictions with respect to the Dividend Equivalents shall lapse at the same time and in the same proportion as the initial award of Restricted Stock Units. No additional Dividend Equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the Restricted Stock Units or any Restricted Stock Units have been settled. For any specified employee, any Dividend Equivalents subject to Code Section 409A and payable upon a termination of employment shall be subject to a six month delay. The Dividend Equivalents shall be subject to all such other provisions set forth herein, and may be used to satisfy any or all obligations for the payment of any tax attributable to the Dividend Equivalents and/or Restricted Stock Units.

<sup>4</sup> For awards to Joseph R. Swedish, this section is split into two sections, (1) Without Cause and Good Reason and (2) Termination after Change in Control, with the appropriate references to his February 6, 2013 Offer Letter. For an Inducement Grant he received on April 1, 2013, the section Termination after a Change in Control was deleted.

<sup>5</sup> For awards to Richard Zoretic, Cause and Good Reason are defined in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

<sup>6</sup> For awards to Richard Zoretic, restrictive covenants and clawback provisions are included in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

6. Taxes and Withholdings. Upon the expiration of the applicable portion of the Period of Restriction (and delivery of the underlying Shares), or as of which the value of any Restricted Stock Units first becomes includible in the Participant's gross income for income tax purposes, the Participant shall satisfy all obligations for the payment of any tax attributable to the Restricted Stock Units. The Participant shall notify the Company if the Participant wishes to pay the Company in cash, check or with shares of WellPoint common stock already owned for the satisfaction of any taxes of any kind required by law to be withheld with respect to such Restricted Stock Units. Any such election made by the Participant must be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Compensation Committee of the Board of Directors of the Company ("Committee"), in its sole discretion, deems appropriate. If the Participant does not notify the Company in writing at least 14 days prior to the applicable lapse of the Period of Restriction, the Committee is authorized to take any such other action as may be necessary or appropriate, as determined by the Committee, to satisfy all obligations for the payment of such taxes. Such other actions may include withholding the required amounts from other compensation payable to the Participant, a sell-to-cover transaction or such other method determined by the Committee, in its discretion.

7. No Rights as a Shareholder. The Participant shall have no rights of a shareholder (including, without limitation, dividend and voting rights) with respect to the Restricted Stock Units, for record dates occurring on or after the Grant Date and prior to the date any such Restricted Stock Units vest in accordance with this Agreement.

8. No Right to Continued Employment. Neither the Restricted Stock Units nor any terms contained in this Agreement shall confer upon the Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate the Participant's employment or service at any time for any reason. The Participant acknowledges and agrees that any right to have restrictions on the Restricted Stock Units lapse is earned only by continuing as an employee of the Company or an Affiliate at the will of the Company or such Affiliate, or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Restricted Stock Units or acquiring Shares hereunder.

9. The Plan. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.<sup>7</sup>

10. Compliance with Laws and Regulations.

(a) The Restricted Stock Units and the obligation of the Company to deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

<sup>7</sup> For awards to Richard Zoretic, this section contains a reference to his Employment Agreement.

(b) The Shares received upon the expiration of the applicable portion of the Period of Restriction shall have been registered under the Securities Act of 1933 ("Securities Act"). If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

11. Code Section 409A Compliance. Except with respect to Participants who are Retirement eligible or become Retirement eligible before the calendar year containing the second Lapse Date as shown on the Grant Notice, it is intended that this Agreement meet the short-term deferral exception from Code Section 409A. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy this exception shall have no force and effect. Notwithstanding anything contained herein to the contrary, Shares in respect of any Restricted Stock Units that (a) constitute "nonqualified deferred compensation" as defined under Code Section 409A and (b) vest as a consequence of the Participant's Termination shall not be delivered until the date that the Participant incurs a "separation from service" within the meaning of Code Section 409A (or, if the Participant is a "specified employee" within the meaning of Code Section 409A and the regulations promulgated thereunder, the date that is six months following the date of such "separation from service" (or death, if earlier)). In addition, each amount to be paid or benefit to be provided to the Participant pursuant to this Agreement that constitutes deferred compensation subject to Code Section 409A, shall be construed as a separate identified payment for purposes of Code Section 409A.

12. Notices. All notices by the Participant or the Participant's assignees shall be addressed to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant's address in the Company's records.

13. Other Plans. The Participant acknowledges that any income derived from the Restricted Stock Units shall not affect the Participant's participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

14. Recoupment Policy for Incentive Compensation. The Company's Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Restricted Stock Units, any Shares delivered hereunder and any profits realized on the sale of such Shares to the extent that the Participant is covered by such policy. If the Participant is covered by such policy, the policy may apply to recoup Restricted Stock Units awarded, any Shares delivered hereunder or profits realized on the sale of such Shares either before, on or after the date on which the Participant becomes subject to such policy.

WELLPOINT, INC.

By:

Printed: Ramiro G. Peru

Its: Chairman, Compensation Committee  
WellPoint, Inc. Board of Directors

I DO NOT accept this Restricted Stock Unit:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

Schedule A

Notice of Performance Share Grant

**Participant:** [•]

**Company:** WellPoint, Inc.

**Notice:** You have been granted the following award of performance shares of common stock of the Company in accordance with the terms of the Plan and the attached Performance Share Agreement.

**Plan:** WellPoint Incentive Compensation Plan

**Grant:** Grant Date: [•]  
Number of Performance Shares: [•]

**Performance Period:** The period beginning on the Grant Date and ending on the last Vesting Date is the Performance Period. Subject to achievement of the performance measures described below, the number of your Performance Shares listed in the “Shares” column, and any related Dividend Equivalents shall vest on the date listed in the “Vesting Date” column. Achievement of the performance measures described below for the calendar year containing the Grant Date may increase or decrease the total number of Performance Shares covered by the Grant and any related Dividend Equivalents that vest on each Vesting Date.

| Shares | Vesting Date |
|--------|--------------|
|--------|--------------|

Achievement of the following performance measures must be approved by the Compensation Committee of the Board of Directors of WellPoint, Inc. For each performance measure, you will earn between 0% and 150% (share amounts will be interpolated) of one-half of the number of Performance Shares originally covered by the Grant. One-third of the total number of Performance Shares, as adjusted for achievement of the performance measures, will vest on the dates listed in the Vesting Date column above. If achievement of any performance measure results in a number of shares awarded that is more or less than 100%, then the number of Dividend Equivalents payable upon the Vesting Date shall be adjusted accordingly.

|                           |    |    |    |
|---------------------------|----|----|----|
| Earnings Per Share        | \$ | \$ | \$ |
| Percent of Plan           | %  | %  | %  |
| Percent of Shares Vesting | %  | %  | %  |

| Membership                | member months | member months | member months |
|---------------------------|---------------|---------------|---------------|
| Percent of Plan           | %             | %             | %             |
| Percent of Shares Vesting | %             | %             | %             |

In the event that a Change of Control (as defined in the Plan) occurs before your Termination, your Performance Share Grant will remain subject to the terms of this Agreement, unless the successor company does not assume the Performance Share Grant. If the successor company does not assume the Performance Share Grant, then the Performance Shares shall immediately vest upon a Change of Control and the Shares covered by the award shall be immediately delivered upon the Change of Control, provided that in the event that the Performance Shares are deferred compensation within the meaning of Code Section 409A, such Shares shall only be delivered upon the Change of Control if such Change of Control is a “change in control event” within the meaning of Code Section 409A and the delivery is made in accordance with Treasury Regulation 1-409A-3(j)(ix).

**Rejection:**

If you do not want to accept your Performance Shares, please return this Agreement, executed by you on the last page of this Agreement, at any time within sixty (60) days after the Grant Date to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration. **Do not return a signed copy of this Agreement if you accept your Performance Shares.** If you do not return a signed copy of this Agreement within sixty (60) days after the Grant Date, you will have accepted your Performance Shares and agreed to the terms and conditions set forth in this Agreement and the terms and conditions of the Plan.<sup>1</sup>

<sup>1</sup> For performance share awards to Richard Zoretic, the additional phrase is added to this section: “provided that no restrictive covenants applicable to you under the Plan shall be broader or of a greater duration than the restrictive covenants applicable to you under your Employment Agreement with the Company, dated as of July 9, 2012 (the “Employment Agreement”).

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## Performance Share Award Agreement

This Performance Share Award Agreement (this “Agreement”) dated as of the Grant Date (the “Grant Date”) set forth in the Notice of Performance Share Grant attached as Schedule A hereto (the “Grant Notice”) is made between WellPoint, Inc. (the “Company”) and the Participant set forth in the Grant Notice. The Grant Notice is included in and made part of this Agreement.

1. Performance Period. The Performance Period with respect to the Performance Shares shall be as set forth in the Grant Notice (the “Performance Period”). The Participant acknowledges that the Performance Shares may not be sold, transferred, pledged, assigned, encumbered, alienated, hypothecated or otherwise disposed of (whether voluntary or involuntary or by operation of law by judgment, levy, attachment, garnishment or any other legal or equitable proceedings (including bankruptcy)). Upon the completion of the applicable portion of the Performance Period and subject to the performance measure described in the attached Grant Notice, the restrictions set forth in this Agreement with respect to the Performance Shares theretofore subject to such completed Performance Period shall lapse and the Shares covered by the related portion of the award shall be immediately delivered, except as may be provided in accordance with Section 10 hereof.

2. Ownership. Upon expiration of the applicable portion of the Performance Period and subject to the performance measure described in the attached Grant Notice, the Company shall transfer the Shares covered by the related portion of the award to the Participant’s account with the Company’s captive broker.

3. Termination.

(a) *Retirement*. If the Participant’s Termination is due to Retirement (for purposes of this Agreement, defined as the Participant’s Termination after attaining age fifty-five (55) with at least ten (10) completed years of service), the restrictions upon the Performance Shares shall continue to lapse throughout the Performance Period and the Shares covered by the related portion of the award shall continue to be delivered upon the applicable Vesting Date; *provided, however*, that if the Participant’s Termination due to Retirement is during the calendar year of the Grant Date, the Performance Shares shall be forfeited on a pro-rata basis, measured by the number of completed full months in that calendar year during which the Participant was employed by the Company or an Affiliate ( *e.g.* , if the Participant’s Retirement occurs in September, 33.3% (or 4/12) of the Performance Shares will be forfeited), and the Performance Period on the non-forfeited portion of the Performance Shares shall continue to lapse throughout the Performance Period, subject to the performance measure described in the attached Grant Notice.<sup>2</sup>

(b) *Death and Disability*. If the Participant’s Termination is due to death or Disability (for purposes of this Agreement, as defined in the applicable WellPoint Long-Term Disability Plan), then the Performance Period shall immediately lapse, causing any restrictions which would otherwise remain on the Performance Shares to immediately lapse, and the Shares covered by the award shall be immediately delivered.

(c) *Other Terminations*. Unless Section 3(d) is applicable, if the Participant’s Termination is by the Company or an Affiliate or by the Participant for any reason other than death, Disability or Retirement, then all Performance Shares for which the Performance Period had not lapsed prior to the date of such Termination shall be immediately forfeited.<sup>3</sup>

(d) *Termination after Change in Control*. If after a Change in Control the Participant’s Termination is (i) by the Company or an Affiliate without Cause (for purposes of this Agreement, defined as a violation of “conduct” as such term is defined in the WellPoint HR Corrective Action Policy and if the Participant participates in the WellPoint, Inc. Executive Agreement Plan (the “Agreement Plan”), the Key Associate Agreement, or the Key Sales Associate Agreement also as defined in that plan or agreement) or (ii), if the Participant participates in the Agreement Plan, by the Participant for Good Reason (as defined in the Agreement Plan), then there shall be paid out in cash to the Participant within 30 days following termination of employment the value of the Performance Shares to which the Participant would have been entitled if performance achieved 100% of

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<sup>2</sup> This retirement provision is deleted in non-annual retention awards.

<sup>3</sup> For performance share awards to Joseph R. Swedish, this section is renumbered and appears as Section 3(e) with applicable references to the previous lettered sections.

the target performance measures as described in the attached Grant Notice. Notwithstanding any provision of this Agreement to the contrary, in the event that the Participant becomes entitled to vest in Performance Shares under any provision of this Section 3 by reason of any Termination and such Termination occurs within the two year period following a Change in Control that is a “change in control event” within the meaning of Code Section 409A, the Participant’s Performance Shares shall be paid to the Participant immediately upon such Termination.<sup>4</sup>

(e) Clawback Provision. Notwithstanding any other provisions of this Agreement to the contrary, in the event that the Participant is a non-executive participant in the Agreement Plan, is an Executive (as defined by the Company) at the time of the Participant’s Termination, regardless of whether the Executive is then a participant in such Agreement Plan, or has the Amerigroup title of EVP or Regional CEO, the Performance Shares shall be forfeited if the Participant breaches any provision of Section 3.6 or 3.10 of the Agreement Plan, in which case the Participant shall be subject to the “Return of Consideration” provision contained in Section 3.7 of the Agreement Plan.<sup>5</sup>

4. Transferability of the Performance Shares. The Participant shall have the right to appoint any individual or legal entity in writing, on a Designation of Beneficiary form, as his/her beneficiary to receive any Performance Shares (to the extent not previously terminated or forfeited) under this Agreement upon the Participant’s death. Such designation under this Agreement may be revoked by the Participant at any time and a new beneficiary may be appointed by the Participant by execution and submission to the Company, or its designee, of a revised Designation of Beneficiary form to this Agreement. In order to be effective, a designation of beneficiary must be completed by the Participant on the Designation of Beneficiary form and received by the Company, or its designee, prior to the date of the Participant’s death. If the Participant dies without such designation, the Performance Shares will become part of the Participant’s estate.

5. Dividend Equivalents. In the event the Company declares a dividend on Shares (as defined in the Plan), for each unvested Performance Share on the dividend payment date, the Participant shall be credited with a Dividend Equivalent, payable in cash, with a value equal to the value of the declared dividend. The Dividend Equivalents shall be subject to the same restrictions as the unvested Performance Shares to which they relate. No interest or other earnings shall be credited on the Dividend Equivalents, provided that additional Dividend Equivalents may be awarded or forfeited in the same proportion as the number of Performance Shares determined to be awarded or forfeited based on the achievement of the performance measures. Subject to continued employment with the Company and Affiliates and, as applicable, achievement of performance measures, the restrictions with respect to the Dividend Equivalents shall lapse at the same time and in the same proportion as the initial award of Performance Shares. No additional Dividend Equivalents shall be accrued for the benefit of the Participant with respect to record dates occurring prior to, or with respect to record dates occurring on or after the date, if any, on which the Participant has forfeited the Performance Shares or any Performance Shares have been settled. For any specified employee, any Dividend Equivalents subject to Code Section 409A and payable upon a termination of employment shall be subject to a six month delay. The Dividend Equivalents shall be subject to all such other provisions set forth herein, and may be used to satisfy any or all obligations for the payment of any tax attributable to the Dividend Equivalents and/or Performance Shares.

6. Taxes and Withholdings. Upon the expiration of the applicable portion of the Performance Period (and delivery of the underlying Shares), or as of which the value of any Performance Shares first becomes includible in the Participant’s gross income for income tax purposes, the Participant shall satisfy all obligations for the payment of any tax attributable to the Performance Shares. The Participant shall notify the Company if the Participant wishes to pay the Company in cash, check or with shares of WellPoint common stock already owned for the satisfaction of any taxes of any kind required by law to be withheld with respect to such Performance Shares. Any such election made by the Participant must be irrevocable, made in writing, signed by the Participant, and shall be subject to any restrictions or limitations that the Compensation Committee of the Board of Directors of the Company (“Committee”), in its sole discretion deems appropriate. If the Participant does not notify the Company in writing at least 14 days prior to the applicable lapse of the Performance Period, the Committee is authorized to take any such other action as may be necessary or appropriate, as determined by the Committee, to satisfy all obligations for the payment of such taxes. Such other actions may include withholding the required amounts from other compensation payable to the Participant, a sell-to-cover transaction or such other method determined by the Committee, in its discretion.

<sup>4</sup> For awards to Joseph R. Swedish, this section is split into two sections, (1) Without Cause and for Good Reason and (2) Termination after Change in Control, with the appropriate references to his February 6, 2013 Offer Letter.

<sup>5</sup> For awards to Richard Zoretic, restrictive covenants and clawback provisions are included in his Employment Agreement and this section contains the appropriate reference to his Employment Agreement.

7. No Rights as a Shareholder. The Participant shall have no rights of a shareholder (including, without limitation, dividend and voting rights) with respect to the Performance Shares, for record dates occurring on or after the Grant Date and prior to the date any such Performance Shares vest in accordance with this Agreement.

8. No Right to Continued Employment. Neither the Performance Shares nor any terms contained in this Agreement shall confer upon the Participant any express or implied right to be retained in the employment or service of the Company or any Affiliate for any period, nor restrict in any way the right of the Company, which right is hereby expressly reserved, to terminate the Participant's employment or service at any time for any reason. The Participant acknowledges and agrees that any right to have restrictions on the Performance Shares lapse is earned only by continuing as an employee of the Company or an Affiliate at the will of the Company or such Affiliate, or satisfaction of any other applicable terms and conditions contained in the Plan and this Agreement, and not through the act of being hired, being granted the Performance Shares or acquiring Shares hereunder.

9. The Plan. This Agreement is subject to all the terms, provisions and conditions of the Plan, which are incorporated herein by reference, and to such regulations as may from time to time be adopted by the Committee. Unless defined herein, capitalized terms are as defined in the Plan. In the event of any conflict between the provisions of the Plan and this Agreement, the provisions of the Plan shall control, and this Agreement shall be deemed to be modified accordingly. The Plan and the prospectus describing the Plan can be found on the Company's HR intranet. A paper copy of the Plan and the prospectus shall be provided to the Participant upon the Participant's written request to the Company at WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Corporate Secretary, Shareholder Services Department.

10. Compliance with Laws and Regulations.

(a) The Performance Shares and the obligation of the Company to deliver Shares hereunder shall be subject in all respects to (i) all applicable Federal and state laws, rules and regulations and (ii) any registration, qualification, approvals or other requirements imposed by any government or regulatory agency or body which the Committee shall, in its discretion, determine to be necessary or applicable. Moreover, the Company shall not deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement if doing so would be contrary to applicable law. If at any time the Company determines, in its discretion, that the listing, registration or qualification of Shares upon any national securities exchange or under any state or Federal law, or the consent or approval of any governmental regulatory body, is necessary or desirable, the Company shall not be required to deliver any certificates for Shares to the Participant or any other person pursuant to this Agreement unless and until such listing, registration, qualification, consent or approval has been effected or obtained, or otherwise provided for, free of any conditions not acceptable to the Company.

(b) The Shares received upon the expiration of the applicable portion of the Performance Period shall have been registered under the Securities Act of 1933 ("Securities Act"). If the Participant is an "affiliate" of the Company, as that term is defined in Rule 144 under the Securities Act ("Rule 144"), the Participant may not sell the Shares received except in compliance with Rule 144. Certificates representing Shares issued to an "affiliate" of the Company may bear a legend setting forth such restrictions on the disposition or transfer of the Shares as the Company deems appropriate to comply with Federal and state securities laws.

(c) If, at any time, the Shares are not registered under the Securities Act, and/or there is no current prospectus in effect under the Securities Act with respect to the Shares, the Participant shall execute, prior to the delivery of any Shares to the Participant by the Company pursuant to this Agreement, an agreement (in such form as the Company may specify) in which the Participant represents and warrants that the Participant is purchasing or acquiring the shares acquired under this Agreement for the Participant's own account, for investment only and not with a view to the resale or distribution thereof, and represents and agrees that any subsequent offer for sale or distribution of any kind of such Shares shall be made only pursuant to either (i) a registration statement on an appropriate form under the Securities Act, which registration statement has become effective and is current with regard to the Shares being offered or sold, or (ii) a specific exemption from the registration requirements of the Securities Act, but in claiming such exemption the Participant shall, prior to any offer for sale of such Shares, obtain a prior favorable written opinion, in form and substance satisfactory to the Company, from counsel for or approved by the Company, as to the applicability of such exemption thereto.

11. Code Section 409A Compliance. Except with respect to Participants who are Retirement eligible or become Retirement eligible before the calendar year containing the second Vesting Date as shown on the Grant Notice, it is intended that this Agreement meet the short-term deferral exception from Code Section 409A. This Agreement and the Plan shall be administered in a manner consistent with this intent and any provision that would cause the Agreement or Plan to fail to satisfy this exception shall have no force and effect. Notwithstanding anything contained herein to the contrary, Shares in respect of any Performance Shares that (a) constitute “nonqualified deferred compensation” as defined in Code Section 409A and (b) vest as a consequence of the Participant’s Termination shall not be delivered until the date that the Participant incurs a “separation from service” within the meaning of Code Section 409A (or, if the Participant is a “specified employee” within the meaning of Code Section 409A and the regulations promulgated thereunder, the date that is six months following the date of such “separation from service” (or death, if earlier). In addition, each amount to be paid or benefit to be provided to the Participant pursuant to this Agreement that constitutes deferred compensation subject to Code Section 409A, shall be construed as a separate identified payment for purposes of Code Section 409A.

12. Notices. All notices by the Participant or the Participant’s assignees shall be addressed to WellPoint, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, Attention: Stock Administration, or such other address as the Company may from time to time specify. All notices to the Participant shall be addressed to the Participant at the Participant’s address in the Company’s records.

13. Other Plans. The Participant acknowledges that any income derived from the Performance Shares shall not affect the Participant’s participation in, or benefits under, any other benefit plan or other contract or arrangement maintained by the Company or any Affiliate.

14. Recoupment Policy for Incentive Compensation. The Company’s Recoupment Policy for Incentive Compensation, as may be amended from time to time, shall apply to the Performance Shares, any Shares delivered hereunder and any profits realized on the sale of such Shares to the extent that the Participant is covered by such policy. If the Participant is covered by such policy, the policy may apply to recoup Performance Shares awarded, any Shares delivered hereunder or profits realized on the sale of such Shares either before, on or after the date on which the Participant becomes subject to such policy.

WELLPOINT, INC.

By: \_\_\_\_\_  
Printed: Ramiro G. Peru  
Its: Chairman, Compensation Committee  
WellPoint, Inc. Board of Directors

I DO NOT accept this Performance Share Award:

Signature: \_\_\_\_\_

Printed Name: \_\_\_\_\_

Date: \_\_\_\_\_

**WELLPOINT, INC.  
COMPREHENSIVE NON-QUALIFIED DEFERRED  
COMPENSATION PLAN  
(AS AMENDED AND RESTATED EFFECTIVE  
JANUARY 1, 2014)**

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**WELLPOINT, INC.**  
**COMPREHENSIVE NON-QUALIFIED DEFERRED**  
**COMPENSATION PLAN**  
**(AS AMENDED AND RESTATED EFFECTIVE**  
**JANUARY 1, 2014)**

**ARTICLE I**  
**HISTORY AND PURPOSE**

1.01 History. WellPoint, Inc. (the “Company”) established the WellPoint, Inc. 2005 Comprehensive Executive Non-Qualified Retirement Plan, originally effective January 1, 2005 (“WellPoint Plan”), as a new plan for certain types of deferred compensation subject to Section 409A of the Internal Revenue Code of 1986, as amended (the “Code”), which governs nonqualified deferred compensation arrangements. The Company amended and restated the WellPoint Plan effective January 1, 2006, and renamed it the WellPoint, Inc. Comprehensive Non-Qualified Deferred Compensation Plan (the “Plan”). The Company amended and restated the Plan effective as of November 1, 2006, then restated it again effective as of January 1, 2009 for compliance with the final regulations issued under Code Section 409A, and the Company amended and restated the Plan effective January 1, 2011. The Company hereby amends and restates the Plan effective as of January 1, 2014.

(a) Merged Plans. In addition, effective January 1, 2005, the Company, one of its predecessors or entities related to the Company or a predecessor also established the following nonqualified deferred compensation plans applicable to amounts subject to Code Section 409A.

- (i) the 2005 Anthem Supplemental Executive Retirement Plan;
- (ii) the 2005 Anthem Deferred Compensation Plan;
- (iii) the 2005 Trigon Insurance Company 401(k) Restoration Plan; and
- (iv) the 2005 Supplemental Retirement Plan for Certain Employees of Trigon Insurance Company.

Each of the foregoing plans were separately maintained for the 2005 calendar year and cover deferred compensation that related solely to the 2005 calendar year. The Company subsequently ceased accruals and merged each of the plans into the WellPoint Plan effective as of December 31, 2005 and are referred to herein as the Merged Plans (either alone or collectively).

(b) Predecessor Plans. The Company or one of its predecessors separately maintained the following nonqualified deferred compensation plans, which cover amounts earned and vested as of December 31, 2004 (including vested bonuses earned in 2004 and paid in 2005):

- (i) each pre-2005 Anthem Long-Term Incentive Plan;
- (ii) the WellPoint Health Networks Inc. Comprehensive Executive Non-Qualified Retirement Plan;
- (iii) the Anthem Supplemental Executive Retirement Plan;
- (iv) the Anthem Deferred Compensation Plan;
- (v) the Trigon Insurance Company 401(k) Restoration Plan; and
- (vi) the Supplemental Retirement Plan for Certain Employees of Trigon Insurance Company.

Each of the foregoing plans are referred to as a “Predecessor Plan(s).” Benefits ceased to accrue under the Predecessor Plans effective December 31, 2004 and, as such, are grandfathered for purposes of Code Section 409A. Solely for administrative purposes, Predecessor Plan Account balances, determined as of December 31, 2005, became accounted for under the 2005 WellPoint Plan effective as of January 1, 2006. In all other respects, each Predecessor Plan Account remains subject exclusively to the terms of the Predecessor Plan to which it relates.

1.02 Purpose. Except as otherwise provided herein, the Plan applies only to Participants to whose Account contributions are credited under Article IV and Article V. The purpose of the Plan is for certain management and highly compensated employees to (1) restore certain benefits that cannot be provided under the tax-qualified plans maintained by the Company and its affiliates and (2) provide additional opportunities to defer one or more items of their compensation.

The Plan is intended to comply with Code Section 409A and shall be interpreted, administered and operated as necessary to comply with the requirements of Code Section 409A and applicable Treasury Regulations. The Plan is further intended to be a plan that is unfunded and maintained by WellPoint, Inc. primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of the Employee Retirement Income Security Act of 1974 (“ERISA”).

## **ARTICLE II DEFINITIONS**

In this Plan, the following terms have the meanings indicated below:

2.01 “Account” means the account maintained under the Plan for each Participant which is credited with amounts under Article IV and Article V of the Plan and adjusted periodically for investment performance under Article VI of the Plan and distributions or withdrawals in accordance with Article VIII. The Account of each Participant who is also a Predecessor Plan Participant shall also include the Predecessor Plan Account maintained on behalf of that Predecessor Plan Participant, as adjusted periodically for investment performance under Article VI of the Plan and distributions or withdrawals in accordance with the terms of the Predecessor

Plan to which it relates. Each Participant's Account shall be divided into a series of Plan Year subaccounts, one for each Plan Year for which the Participant defers any Compensation under the Plan. To the extent it considers necessary or appropriate, the Administrator may further divide each such Plan Year subaccount into a series of separate subaccounts so that each category of deferred Compensation may be credited to its own separate subcategories within that particular Plan Year subaccount.

2.02 “ Administrator ” means the Executive Vice President and Chief Human Resources Officer of the Company and, if the context requires, the Human Resources Department of the Company, in charge of the day-to-day administration of the Plan.

2.03 “ Affiliate ” means an entity other than the Company whose employees participate in the tax-qualified retirement plans of ATH Holding Company, LLC or National Government Services, Inc. or whose employees are authorized to participate in the Plan by the Committee.

2.04 “ Anthem LTIP ” means each pre-2005 Anthem Long-Term Incentive Plan.

2.05 “ Anthem Plan ” means the Anthem Deferred Compensation Plan.

2.06 “ Anthem SERP ” means the Anthem Supplemental Executive Retirement Plan.

2.07 “ Anthem SERP Participant ” means an individual who is eligible on or after January 1, 2006 to earn a benefit under the 2005 Anthem SERP.

2.08 “ Beneficiary ” means the person or persons, trust or estate designated in writing, to receive a Participant's vested Account if the Participant dies before distribution of the entire vested balance credited to that Account. A Participant may designate one or more primary Beneficiaries and one or more secondary Beneficiaries. A Participant's Beneficiary designation must be made in writing pursuant to such procedures as the Administrator may establish and delivered to the Administrator before the Participant's death. The Participant may revoke or change this designation at any time before his or her death by following such procedures as the Administrator will establish. If the Administrator has not received a Participant's Beneficiary designation before the Participant's death or if the Participant does not otherwise have an effective Beneficiary designation on file when he or she dies, the vested balance of such Participant's Account will be distributed to his or her estate.

2.09 “ Bonus ” means an amount awarded to an Eligible Employee under an annual incentive plan maintained by the Company as determined by the Administrator.

2.10 “ Bonus Deferral ” means an election by a Participant to defer the receipt of a Bonus in accordance with the requirements of Article IV.

2.11 “ Code ” means the Internal Revenue Code of 1986, as amended from time to time.

2.12 “ Committee ” means the Compensation Committee of the Company's Board of Directors or a subcommittee of two or more members thereof. The Committee shall have full discretionary authority to administer and interpret the Plan, to determine eligibility for Plan benefits, to select employees for Plan participation, to determine the benefit entitlement of each Participant and

Beneficiary hereunder and to correct errors. The Committee may delegate any of its duties and responsibilities not otherwise delegated hereunder to the Executive Vice President and Chief Human Resources Officer as Administrator, and unless the Committee expressly provides to the contrary, any such delegation will carry with it the Committee's full discretionary authority with respect to the delegated duties and responsibilities. In no event, however, shall the Committee delegate its authority to amend or terminate the Plan pursuant to the provisions of Section 12.06. Decisions of the Committee or its delegate will be final and binding on all persons.

2.13 “ Company ” means WellPoint, Inc., an Indiana corporation.

2.14 “ Company Contribution ” means, for any one Plan Year, the amount determined in accordance with Section 4.04.

2.15 “ Compensation ” means the respective definitions of compensation as set forth in the Savings Plan for elective deferrals and matching contributions, as constituted from time to time and as the context requires. In either case, the respective definition of compensation as set forth in the Savings Plan is determined without regard to the application of the limitation under Code Section 401(a)(17).

2.16 “ Compensation Deferral ” means an election by a Participant to defer the receipt of the portion of his or her Compensation in accordance with the requirements of Article IV.

2.17 “ Election Form ” means the form or forms established from time to time by the Administrator that a Participant completes, signs and returns to the Administrator to make a deferral election, make or change a payment election, and/or make or change an investment election. To the extent authorized by the Administrator, such form may be electronic or set forth in some other media or format.

2.18 “ Eligible Employee ” means each employee of the Company or an Affiliate whose Compensation is equal to or in excess of the Code Section 401(a)(17) compensation limit in effect at the time the employee's eligibility is determined in accordance with Section 3.01.

2.19 “ In-Service Payout ” means a complete distribution of a Participant's vested Plan Year subaccount (including the related Matching Contribution) as of a specified date elected by a Participant.

2.20 “ Key Employee ” means for the period January 1 through December 31 each individual identified by the Administrator as of the immediately preceding September 30 as a “key employee,” as defined under Code Section 416(i), disregarding Code Section 416(i)(5).

2.21 “ Make-Up Contribution ” means the contribution described under Section 4.04.

2.22 “ Matching Contribution ” means a matching contribution pursuant to Section 4.03.

2.23 “ Merged Plan ” means the 2005 Anthem SERP, the 2005 Anthem Plan, the 2005 Trigon Plan or the 2005 Trigon SERP.

2.24 “ Participant ” means a current or former Eligible Employee for whom an Account (including one or more Plan Year subaccounts) is maintained. A Participant shall also include a Predecessor Plan Participant for the limited purposes set forth in the Plan.

2.25 “ Pension Benefit ” means the benefit payable to an individual under the Pension Plan or the UGS Pension Plan, as the context requires.

2.26 “ Pension Plan ” means the qualified pension plan maintained by ATH Holding Company, LLC or its predecessors under which a Participant is actively accruing a benefit, which may include the WellPoint Cash Balance Pension Plan B, as amended from time to time, and/or such other qualified pension plan maintained by ATH Holding Company, LLC.

2.27 “ Plan ” means this WellPoint, Inc. Comprehensive Non-Qualified Deferred Compensation Plan, as amended from time to time.

2.28 “ Plan Year ” means the calendar year.

2.29 “ Predecessor Plan ” means any of the WellPoint Plan, the Anthem SERP, the Anthem Plan, the various Anthem LTIPs, the Trigon Plan or the Trigon SERP, each of which cover grandfathered benefits not subject to Code Section 409A.

2.30 “ Predecessor Plan Account ” means a hypothetical or bookkeeping account reflecting a grandfathered benefit under a Predecessor Plan, the amount of which was transferred to the Plan on December 31, 2005. Such account is credited with additional earnings pursuant to Article VI.

2.31 “ Predecessor Plan Participant ” means an individual who was eligible to participate in one or more of the Predecessor Plans and who, as of December 31, 2005 (the date Predecessor Plan Accounts were transferred to the Plan), has a Predecessor Plan Account.

2.32 “ Regulations ” mean Treasury Regulations issued under the Code.

2.33 “ Savings Plan ” means the WellPoint 401(k) Retirement Savings Plan, as amended from time to time.

2.34 “ Separation from Service ” means termination of the Participant’s employment relationship (within the meaning of Code Section 409A and Regulations issued thereunder) with the Company and its affiliates and any other service relationship defined in such applicable Regulations, other than by reason of death. For purposes of the foregoing, whether an entity is affiliated with the Company shall be determined pursuant to the controlled group rules of Code Section 414, as modified by Code Section 409A. However, the Participant’s employment relationship with the Employer shall be treated as continuing intact while the individual is on a military leave, sick leave or other bona fide leave of absence if the period of such leave does not exceed six months (or longer, if required by statute or contract). If the period of the leave exceeds six months and the Participant’s right to reemployment is not provided either by statute or contract, the employment relationship is deemed to terminate on the first date immediately following such six-month period for purposes of Code Section 409A only.

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- 2.35 “ Trigon Plan ” means the Trigon Insurance Company 401(k) Restoration Plan.
- 2.36 “ Trigon SERP ” means the Supplemental Retirement Plan for Certain Employees of Trigon Insurance Company.
- 2.37 “ UGS Pension Plan ” means the UGS Pension Plan, as amended from time to time, and any predecessor qualified pension plan maintained by National Government Services, Inc.
- 2.38 “ WellPoint Plan ” means the WellPoint Health Networks Inc. Comprehensive Executive Non-Qualified Retirement Plan.
- 2.39 “ WellPoint SERP Participant ” means an individual who is eligible on or after January 1, 2006 to earn a benefit under Section 4.01 of the 2005 WellPoint Plan.
- 2.40 “ 2005 Anthem SERP ” means the 2005 Anthem Supplemental Executive Retirement Plan.
- 2.41 “ 2005 WellPoint Plan ” means the WellPoint, Inc. 2005 Comprehensive Executive Non-Qualified Retirement Plan, as in effect on December 31, 2005.
- 2.42 “ 2005 Anthem Plan ” means the 2005 Anthem Deferred Compensation Plan.
- 2.43 “ 2005 Trigon Plan ” means the 2005 Trigon Insurance Company 401(k) Restoration Plan.
- 2.44 “ 2005 Trigon SERP ” means the 2005 Supplemental Retirement Plan for Certain Employees of Trigon Insurance Company.

### **ARTICLE III ELIGIBILITY AND PARTICIPATION**

3.01 Eligibility . Determination of an individual as an Eligible Employee is made on a Plan Year by Plan Year basis. The Administrator may determine the individual is an Eligible Employee for the immediately following Plan Year pursuant to any such rules and requirements regarding the criteria for, and manner in, which individuals are determined to be an Eligible Employee. Such rules and requirements do not need to be consistent from Plan Year to Plan Year or among individuals. An individual who is determined to be an Eligible Employee shall be permitted to make a Compensation Deferral and Bonus Deferral election effective for the Plan Year that begins immediately following the Administrator’s determination of the individual as an Eligible Employee in accordance with the rules set forth in Article IV. An individual who is determined to be an Eligible Employee shall not be permitted to make a Compensation Deferral with respect to Compensation earned or a Bonus Deferral with respect to the Bonus paid in the Plan Year in which he or she is determined to be an Eligible Employee. Such an individual may make a Bonus Deferral for the Bonus earned in such Plan Year pursuant to the rules set forth in Article IV provided the individual becomes an Eligible Employee before or during the enrollment period established for such Plan Year.

Notwithstanding any Plan provision to the contrary, the Committee may, in its sole discretion, place further requirements and/or limitations on an Eligible Employee’s participation in any portion of the Plan.

3.02 Participation. To begin participation in the Plan, an Eligible Employee shall properly complete and timely submit an Election Form to the Administrator in accordance with the Administrator's rules. An Eligible Employee shall become a Participant on the first day on which a deferral of an elected amount or contribution is first credited to his or her Account. The Administrator may establish from time to time such other enrollment requirements as it determines in its sole discretion are necessary.

3.03 Enrollment Requirements. Election Forms shall be completed and filed with the Administrator by the time periods set forth in Article IV for the particular type of compensation to be deferred or during such other enrollment period as the Administrator determines in accordance with such Article. Subject to Section 8.05, a Participant may change or revoke a deferral or distribution election any time before such election becomes irrevocable, which shall occur as of the applicable deadline specified in Article IV unless the Administrator establishes an earlier deadline. Unless the Administrator determines otherwise, a new Election Form shall be required for each Plan Year in which an Eligible Employee wants to defer his or her Compensation or Bonus. A Participant's Election Form shall specify the form of payment, which shall be paid at the times specified in Article VIII. Unless otherwise specified herein or determined by the Administrator, the election made by the Participant for each Plan Year shall apply to all amounts credited to the Participant's Plan Year subaccount for such Plan Year.

3.04 Cessation of Participation.

(a) Loss of Eligibility. An individual who qualifies as an Eligible Employee for a particular Plan Year will continue to be an Eligible Employee until such time as the Administrator determines otherwise, including that the Eligible Employee no longer satisfies the Plan's eligibility requirements or is not a member of a select group of management or highly compensated employees. Any determination of ineligibility shall be effective for an immediately following Plan Year. Any individual who ceases to be an Eligible Employee shall continue to be a Participant with respect to amounts credited to his or her Account until such amounts are completely distributed to him or her in accordance with the Plan.

(b) Committee Discretion. Notwithstanding any Plan provision to the contrary, the Committee shall have the sole discretionary authority to exclude a Participant from making further deferrals under the Plan with such exclusion becoming effective as of the first day of the next succeeding Plan Year. Such Participant shall remain a Participant in the Plan until his Account balance is paid in full.

(c) Hardship Withdrawals. Elective or deemed deferrals made by a Participant who receives a hardship withdrawal shall be canceled pursuant to Section 8.07. The Participant shall remain a Participant in the Plan until his Account balance is paid in full.

(d) Separation from Service or Death. Notwithstanding anything in the Plan to the contrary, upon a Participant's Separation from Service or death, if earlier, any outstanding distribution election shall be given effect to the extent any amounts covered by such election are paid after such event.

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**ARTICLE IV**  
**DEFERRALS AND CONTRIBUTIONS**

**4.01 Compensation.**

(a) Elections. Subject to Article III, an Eligible Employee may make a Compensation Deferral by filing an Election Form with the Administrator before the beginning of the Plan Year in which the Compensation is earned. All deferrals shall be made on a pre-tax basis. The Administrator may prescribe such rules and requirements regarding Compensation Deferral elections as it deems appropriate. An Eligible Employee's Savings Plan election cannot be changed during the Plan Year to which the Compensation Deferral election relates.

(b) Amount. For each Plan Year, an Eligible Employee may elect to make a Compensation Deferral for each payroll period in a percentage (not to exceed 60%) of his or her Compensation net of any required taxes, Savings Plan deferrals and salary reduction amounts described in Code Section 125. Deferrals to the Plan shall begin after the Eligible Employee has made the maximum salary deferrals permitted under the Savings Plan for the Plan Year under Code Section 402(g). For purposes of the preceding sentence, for any given Plan Year and for all Eligible Employees, the Administrator may determine whether such maximum salary deferral includes catch-up contributions (within the meaning of Code Section 402(g)).

(c) No Changes. Subject to Section 3.03, a Compensation Deferral election shall be irrevocable as of the first day of the Plan Year to which the Election Form relates.

(d) Crediting. Compensation Deferrals made by a Participant will be credited to his or her applicable Plan Year subaccount as soon as practical after the date that the Compensation amount to which those Compensation Deferrals relate would have otherwise been paid.

**4.02 Bonus.**

(a) Elections. The Administrator may prescribe such rules and requirements regarding Bonus Deferral elections.

- (i) Generally. Subject to Article III, an Eligible Employee may make a Bonus Deferral by filing an Election Form with the Administrator before the beginning of the Plan Year in which the Bonus is earned. All deferrals shall be made on a pre-tax basis.
- (ii) Performance-Based Compensation. Notwithstanding anything in the Plan to the contrary, to the extent the Committee determines that a Bonus constitutes "performance-based compensation" (within the meaning of Code Section 409A and Regulations issued thereunder), the Committee may permit an Eligible Employee to file an Election Form with the Administrator on or before a date

that occurs no later than six months before the end of the performance period provided that (A) the Eligible Employee performs services continuously from the later of the beginning of the performance period or the date the criteria are established through the date the Election Form is submitted and (B) the compensation is not readily ascertainable (within the meaning of Code Section 409A and Regulations issued thereunder) as of the date the Election Form is filed. If a Bonus Deferral election is made pursuant to this paragraph after the beginning of the Plan Year in which the Bonus is earned, such election shall be void if the Bonus becomes payable as a result of the Eligible Employee's death before the satisfaction of the performance criteria.

(b) Amount. For each Plan Year, an Eligible Employee may elect to make a Bonus Deferral with respect to any amount of his or her Bonus net of any required taxes and salary reduction amounts described in Code Section 125. Further, the amount deferred will be equal to the percentage elected for his or her Bonus Deferral plus the percentage elected for his Compensation Deferral. The total amount of Compensation Deferrals and Bonus Deferrals for a given Plan Year cannot exceed 80% of his or her Compensation.

(c) No Changes. Subject to Section 3.03, such Bonus Deferral election shall be irrevocable as of the first day of the Plan Year to which the Election Form relates or the deadline established by the Administrator for performance-based compensation, as the case may be.

(d) Crediting. Bonus Deferrals made by the Participant will be credited to his or her applicable Plan Year subaccount as soon as practical after the date that the Bonus amount to which those Bonus Deferrals relate would have otherwise been paid.

#### 4.03 Matching Contributions.

(a) Eligibility. Participants shall be entitled to a Matching Contribution under the Plan only to the extent he or she has satisfied the eligibility requirements for an employer matching contribution under the Savings Plan.

(b) Amount. The amount of the Matching Contribution to which a Participant is entitled will be a percentage of Compensation that he or she elects to defer under the Plan applied to the matching contribution formula then in effect under the Savings Plan less the amount of matching contribution made, if any, under the Savings Plan.

(c) Crediting. The Matching Contributions to which the Participant is entitled will be credited to his or her applicable Plan Year subaccount at such time and in such manner as determined by the Administrator and as applied uniformly to all Participants.

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#### 4.04 Non-Elective Contributions.

(a) Eligibility. For each Plan Year, the Company or an Affiliate, in its sole discretion, may, but is not required to, credit any amount it desires as a Company Contribution and/or Make-Up Contribution to the Plan Year subaccount of one or more Participants, on such terms as it determines, which need not be the same for each Participant.

(b) Company Contribution.

- (i) Form of Payment. A Participant who receives a Company Contribution may make a separate election as to the form of payment for such Amount. Any Election Form pursuant to which a Participant selects a form of payment must be filed with the Administrator either:
  - (A) During a period of at least 30 days, or as otherwise specified by the Administrator in its discretion, that occurs before the beginning of the Plan Year in which the Company Contribution is earned or begins to be earned, as the case may be, or
  - (B) Within 30 days after the Company Contribution is awarded, provided the Company Contribution is subject to a vesting schedule of at least 12 months from the date the completed Election Form is filed with the Administrator (taking into account any automatic vesting provisions that may be provided upon certain terminations from employment that may occur before such 12 month period).

If no such Election Form is filed, then the form of payment shall be a lump sum at Separation from Service.

- (ii) No Changes. Subject to Section 3.03, a Participant's Election Form shall be irrevocable as of the first day of the Plan Year to which the Election Form relates.
- (iii) Amount. The Company Contribution credited to a Participant shall be determined by the Committee or the Administrator, in their discretion. Such contribution may be smaller or larger than the amount credited to any other Participant, and the amount credited to any Participant for a Plan Year may be zero, even though one or more other Participants receive a Company Contribution for that Plan Year. Crediting of a Company Contribution for one Plan Year does not guarantee a Company Contribution for subsequent Plan Years.

(c) Make-Up Contribution.

- (i) Form of Payment. If a Participant is credited with a Make-Up Contribution, such contribution shall be paid in a lump sum at the earlier of the Participant's Separation from Service or death.
- (ii) Amount. The Make-Up Contribution credited to a Participant shall be determined by the Committee or the Administrator, in their discretion.

(d) Crediting. Company and Make-Up Contributions will be credited to a Participant's applicable Plan Year subaccount as soon as practical after the date that the Company or Affiliate determines such contributions shall be made.

**ARTICLE V**  
**SUPPLEMENTAL PENSION PLAN CONTRIBUTIONS**

5.01 Eligibility for Supplemental Pension Contribution. A Participant whose benefit under the Pension Plan or UGS Pension Plan, as the case may be, is limited as a result of Code Section 401(a)(17) or Code Section 415, shall be credited with a Supplemental Pension Contribution as described in this Article.

5.02 In General. Except as otherwise provided in this Article, the Supplemental Pension Contribution shall be equal to the difference between the amount which was actually credited to his account under the Pension Plan or the UGS Pension Plan, as the case may be, and the amount which would have been credited to his account had the amount not been limited as a result of Code Section 401(a)(17) or Code Section 415. The Supplemental Pension Contribution to which the Participant is entitled will be credited to his applicable Plan Year subaccount as of the date that the Pension Benefit to which such Supplemental Pension Contribution relates would otherwise have been credited under the Pension Plan.

5.03 Former DeCare Dental Pension Plan Participants. An individual who was a named participant in the DeCare Dental Deferred Compensation Plan and/or the DeCare Dental Restoration Plan as of such plans' termination on or about April 9, 2009, became a Participant under this Article as of April 9, 2009. Such Participant shall be eligible for a Supplemental Pension Contribution if he previously participated in the DeCare Dental Pension Plan, met the Rule of 65 (as defined under the Pension Plan) as of December 31, 2009 and became a Participant in the Pension Plan on January 1, 2010. In such circumstance, the Supplemental Pension Contribution will be equal to the "Supplemental Part A Benefit," the "Supplemental A\* Benefit," if any, plus the "Supplemental Part B Benefit," if any, each as further described below.

(a) The Supplemental Part A Benefit will be equal to:

- (i) the Part A Benefit (as determined under and set forth in the Pension Plan) that would have been payable to the Participant without regard to Code Section 401(a)(17) or Code Section 415, as of December 31, 2014 (or such earlier Separation from Service) less the Part A Benefit actually payable to the Participant under the Pension Plan and determined in an annuity, less

- (ii) an annuity equivalent of any lump sum amount received by the Participant from (i) the DeCare Dental Deferred Compensation Plan and the DeCare Dental Restoration Plan upon the respective plans' termination, and (ii) if applicable, the non-qualified plans sponsored by BCBSM, Inc. (d/b/a Blue Cross Blue Shield of Minnesota) that provided benefits in excess of the benefits provided under such entity's qualified plans.

The Part A Benefit formula uses a Participant's actual "Salary" (as defined in Exhibit S of the Pension Plan), to determine the Part A Benefit. In the event a Participant has an individual agreement that provides for certain assumptions to apply in the determination of Salary, the terms of the agreement shall be given effect.

The Supplemental Part A Benefit will be credited to a Plan Year subaccount as soon as administratively feasible after December 31, 2014, or Separation from Service, as the case may be.

(b) If the Participant continues to be eligible to participate in the Pension Plan after December 31, 2014, the Supplemental Part A\* Benefit will be equal to the Benefit Transition Adjustment (as determined and defined under the Pension Plan) without regard to Code Section 401(a)(17) less the actual Benefit Transition Adjustment payable to the Participant under the Pension Plan. Such Benefit Transition Adjustment will be determined each Plan Year. The Supplemental Part A\* Benefit to which the Participant is entitled will be credited to his applicable Plan Year subaccount as of the date that the Benefit Transition Adjustment to which such Supplemental Part A\* Benefit relates would otherwise have been credited under the Pension Plan.

(c) If the Participant continues to be eligible to participate in the Pension Plan after December 31, 2014, the Supplemental Part B Benefit will be determined under, and credited pursuant to, Section 5.02 of this Article.

5.04 QSERP. Notwithstanding anything in this Article to the contrary and subject to Section 12.06, the Company reserves the discretion to credit some or all of a Participant's Supplemental Pension Contributions including earnings on such amounts, on a prospective or retroactive basis, to the Pension Plan or the UGS Pension Plan, as the case may be. Any such credit shall only be made if it is consistent with applicable rules governing the Pension Plan and/or the UGS Pension Plan and Code Section 409A and Regulations issued thereunder.

## **ARTICLE VI EARNINGS**

6.01 Investment Funds. Amounts credited to a Participant's Account under the Plan shall be credited with earnings, at periodic intervals determined by the Administrator, at a rate equal to the actual rate of return for such period on the investment fund or funds or index or indices or vehicle or vehicles selected by that Participant. The investment options shall be comparable to those offered under the Savings Plan, from time to time, except for the option to

invest in WellPoint common stock or the Vanguard brokerage option (or other self-managed account option that may be offered under the Savings Plan). The Committee may offer other investment options in its discretion. The rate of return on such investment vehicles shall be tracked solely for the purpose of determining the phantom investment gain, earnings and losses to be credited to the Participant's Account during the deferral period. Neither the Company nor any of its affiliates shall be obligated to make any actual investment.

6.02 Conversion of Investments from Predecessor Plans and Merged Plans. Before January 1, 2006, amounts representing Predecessor Plan Account balances and account balances from Merged Plans were credited with earnings based on investment options available under the Predecessor Plan or Merged Plan to which they related. Effective as of January 1, 2006, those Predecessor Plan Accounts (or accounts from Merged Plans) shall be credited with earnings in accordance with Section 6.01. Before January 1, 2006, the Committee shall prescribe rules (that may vary among classes of Participants) that provide each Predecessor Plan Participant (and Participant with a Merged Plan account balance) an opportunity to select the investment fund or funds or index or indices to be used as the basis for crediting his or her Predecessor Plan Account (or Merged Plan account) with earnings as of January 1, 2006. To the extent the Committee has not received investment direction from a Participant before December 15, 2005 with respect to his or her Predecessor Plan Account or Merged Plan account, such Predecessor Plan Account or Merged Plan account shall be credited with earnings based upon a default investment option under the Savings Plan designated as such by the Committee or in accordance with such other rules as may be adopted by the Committee and applied on a consistent, uniform basis.

## **ARTICLE VII VESTING**

### **7.01 Elective Deferrals under the Plan.**

(a) Each Participant will be 100% vested in that portion of his or her Account attributable to Compensation Deferrals and Bonus Deferrals made on or after January 1, 2006. For periods on or after January 1, 2006 and before January 1, 2014, this provision also applied to Salary Deferrals made pursuant to the Plan terms then in effect.

(b) Deferrals made under the Plan are 100% vested except as follows::

- (i) To the extent any item of Compensation deferred under the Plan before January 1, 2006 would have been subject to additional vesting requirements if not deferred, then the portion of the Participant's Plan Year subaccount attributable to that item shall be subject to those additional vesting requirements.
- (ii) Each Participant will vest in the portion of each Plan Year subaccount attributable to "Supplemental Special Deferred Compensation Arrangements" (as those terms were defined in the Plan before January 1, 2006) in the manner described in the "Supplemental Special Deferred Compensation Arrangement."

7.02 Supplemental Pension Plan Contributions. All Supplemental Pension Plan Contributions as determined in accordance with Article V of the Plan shall be 100% vested.

7.03 Predecessor or Merged Plans. Vesting of a Participant's Account attributable to deferrals made and accruals earned before January 1, 2006 under a Predecessor Plan or Merged Plan were governed by the terms of the Predecessor Plan or Merged Plan to which they relate.

7.04 Company and/or Make-Up Contributions. Vesting of any Company Contributions and Make-Up Contributions shall be determined by the Company or Affiliate, in its sole discretion, and need not be the same for all Participants.

## **ARTICLE VIII DISTRIBUTIONS**

8.01 Annual Election. Participants must indicate on an Election Form which of the distribution options described below will govern payment of the Plan Year subaccount to which deferred amounts are credited before the beginning of the Plan Year in which the compensation is earned or such earlier or later time as may be specified by the Administrator pursuant to Article III or Article IV. Unless otherwise specified in the Plan or permitted by the Administrator, such distribution election applies to all amounts credited to the Plan Year subaccount, including, but not limited to, Matching Contributions and Supplemental Pension Contributions.

8.02 Time for Distribution. Except as otherwise provided in Section 8.07, distribution of a Participant's Account shall be made on the earliest to occur of:

- (a) The date elected by a Participant under Section 8.03 with respect to an In-Service Payout;
- (b) The date set forth in Section 8.04 with respect to the Participant's Separation from Service; or
- (c) The date set forth in Section 8.06 with respect to the Participant's death.

8.03 In-Service Payout. A Participant may irrevocably select, on his or her Election Form, a specified date to receive a lump sum In-Service Payout of all vested amounts credited to a Plan Year subaccount. Payment shall be made as soon as administratively feasible following the specified date and before the later of (i) December 31 of the calendar year containing the specified date, or (ii) the 15<sup>th</sup> day of the third month following the specified date. If any amounts are unvested at the time of the elected In-Service Payout date, but later become vested, such remaining amounts shall be paid at the earlier of the Participant's Separation from Service or Death.

8.04 Separation from Service. Upon a Participant's Separation from Service for any reason other than death, a Participant's vested Plan Year subaccount shall be paid or begin to be paid as soon as administratively feasible following Separation from Service and before the later of (i) December 31 of the calendar year in which the Participant's Separation from Service occurs, or (ii) the 15<sup>th</sup> day of the third month following the Participant's Separation from Service.

Notwithstanding the foregoing, distributions made to a Key Employee upon such separation shall be paid or begin to be paid no earlier than the first day following the six month anniversary of the Participant's Separation from Service unless the Participant dies before or during such six-month period, in which case, such six-month delay shall not apply and payment shall be made pursuant to Section 8.06. Subsequent installment payments shall be made thereafter on or about the anniversary of the first installment payment.

Payment shall be made to the Participant in such form as determined below in subsection (a), (b), or (c).

(a) Lump Sum. A Participant's Plan Year subaccount balance shall be paid in a lump sum if:

- (i) timely elected by the Participant pursuant to the Plan; or
- (ii) no valid payment election is in effect when distribution is to be made.

(b) Annual Installments. A Participant may elect to receive payment of his or her Plan Year subaccount balance in either:

- (i) five annual installments; or
- (ii) ten annual installments.

(c) Exceptions. Notwithstanding the foregoing provisions, the following shall apply:

- (i) If a Participant's Account balance constituting contributions (other than Company and Make-Up Contributions) for all Plan Years at Separation from Service or death, whichever is earlier, is equal to or less than the limit then in effect under Code Section 402(g)(1)(B), such balance shall be paid in a lump sum in lieu of any election to receive installments.
- (ii) A Participant who is entitled to receive a Supplemental Part A Benefit, as provided under Article V, shall receive such benefit in a lump sum. Payment of the Supplemental Part A\* Benefit, if any, and Supplemental Part B Benefit, if any, shall be made as otherwise specified in the Plan.

#### 8.05 Subsequent Changes in Elections.

(a) Participants who previously elected to receive an In-Service Payout pursuant to Section 8.03 shall be permitted to change his or her election to delay the time for payment until the fifth anniversary of the date the lump sum distribution would otherwise have been made. However, no such change of election under this Section shall have any force or effect or become effective until the expiration of the 12-month period

measured from the filing date of such election. In addition, each such change of election with respect to an original election to receive an In-Service Payout shall be valid only if such election is made at least 12 months before the date of the scheduled distribution. In no event, however, may any change to the time for payment in effect for the Plan Year subaccount result in any acceleration of the distribution of that subaccount. Notwithstanding anything in this Section to the contrary, in the event of the Participant's Separation from Service or death after a subsequent election is made but before the end of the five-year delay described above, payment shall instead be made upon such Separation from Service or death, as the case may be.

(b) Notwithstanding any provision in the Plan to the contrary, on or before December 31, 2008, Participants may make changes to distribution elections previously filed with respect to amounts deferred under the Plan that relate to Plan Years 2005 through 2008 consistent with transition relief provided by the Department of the Treasury in Notice 2006-79, Notice 2007-86 and proposed regulations promulgated under Code Section 409A.

8.06 Death. If a Participant dies with a vested balance credited to one or more of his or her Plan Year subaccounts, whether or not the Participant was receiving payouts from those subaccounts at the time of his or her death, then the Participant's Beneficiary will receive the vested balance of each of those Plan Year subaccounts in a lump sum. If a Participant has any unvested Matching Contributions or Supplemental Pension Contributions credited to the Participant's Account as of death, such amounts will become fully vested, nonforfeitable and distributed pursuant to this Section.

8.07 Hardship Withdrawal. This Section shall only apply to amounts credited to a Participant's Account that are subject to Code Section 409A. Any hardship withdrawal right with respect to grandfathered amounts (within the meaning of Code Section 409A) shall be subject to rules, if any, of the Predecessor Plans. If a Participant (A) incurs a severe financial hardship as a result of (i) an illness or accident involving the Participant, his or her spouse, Beneficiary or any dependent (as determined pursuant to Code Section 152(a)), (ii) a casualty loss involving the Participant's property or (iii) other similar extraordinary and unforeseeable event beyond the Participant's control and (B) does not have any other resources available, whether through reimbursement or compensation (by insurance or otherwise) or liquidation of existing assets (to the extent such liquidation would not itself result in financial hardship), to satisfy such financial emergency, then the Participant may apply to the Administrator for an immediate distribution from the vested portion of his or her Account (but not the Predecessor Plan Account) in an amount necessary to satisfy such financial hardship and the tax liability attributable to such distribution. The Administrator shall have complete discretion to accept or reject the request and shall in no event authorize a distribution in an amount in excess of that reasonably required to meet such financial hardship and the tax liability attributable to that distribution.

Any hardship withdrawal shall be made only to the extent permitted in accordance with Regulation Section 1.409A-3(i)(3). As a condition of the Administrator's acceptance of a request for a hardship withdrawal under this Section, the Participant's election to make Compensation Deferrals and/or Bonus Deferrals shall be terminated for the remainder of the Plan Year in which

the hardship withdrawal is taken. In addition, such Participant shall be suspended from making Compensation Deferrals and Bonus Deferrals for the Plan Year immediately after the Plan Year in which the hardship withdrawal is taken. Such Participant, if then an Eligible Employee, may make a deferral election that relates to the second Plan Year following the Plan Year in which the hardship withdrawal was made in accordance with Article III and Article IV.

8.08 Valuation. The amount to be distributed from any Plan Year subaccount pursuant to this Article VIII shall be determined on the basis of the vested balance credited to that subaccount as of the most recent practicable date (as determined by the Administrator or its delegate) preceding the date of the actual distribution.

8.09 Tax Withholding. Income taxes and other taxes payable with respect to an Account shall be deducted from amounts payable under the Plan. All federal, state or local taxes that the Administrator determines are required to be withheld from any payments made pursuant to this Article VIII shall be withheld.

8.10 Payment of Small Accounts. The Administrator may, in its sole discretion which shall be evidenced in writing no later than the date of payment, elect to pay the value of the Participant's Account in a single lump sum if the balance of such Account is not greater than the applicable dollar amount under Code Section 402(g)(1)(B), provided the payment represents the complete liquidation of the Participant's interest in the Plan and all other account balance plans as determined pursuant to Regulation Section 1.409A-1(c)(2).

8.11 Right of Offset. The Company or an Affiliate shall have the right to offset any amounts payable to a Participant under the Plan to reimburse the Company or an Affiliate for liabilities or obligations of the Participant to the Company or Affiliate if the following conditions are met:

- (a) the liabilities or obligations of the Participant to the Company or Affiliate were incurred in the ordinary course of the service relationship between the Participant and the Company or Affiliate;
- (b) the entire amount to be offset does not exceed \$5,000 in any taxable year of the Participant; and
- (c) the offset is made at the same time and in the same amount as the liabilities or obligations otherwise would have been due and collected from the Participant.

8.12 Bona Fide Dispute. The Committee or the Administrator shall have the discretion to accelerate the time or schedule of payment under the Plan pursuant to Regulation Section 1.409A-3(j)(4)(xiv) where such payment occurs as part of an arm's length settlement of a bona fide dispute between the Company or an Affiliate and a Participant as to the Participant's right to the deferred amount.

8.13 Income Inclusion Under Code Section 409A. The Committee or the Administrator shall have the discretion to accelerate the time or schedule of payment under the Plan if the Plan fails to meet the requirements of Code Section 409A and Regulations issued thereunder, provided that any such payment does not exceed the amount required to be included in income as a result of such failure.

8.14 Effect of Rehire. In the event a Participant experiences a Separation from Service, begins receiving payment of his or her Account and is subsequently rehired by the Company or an Affiliate, distributions shall continue as regularly scheduled.

## **ARTICLE IX EFFECT ON PREDECESSOR AND MERGED PLANS**

9.01 Coordination With Predecessor Plans. Solely for ease of administration, the Predecessor Plans may be attached as exhibits to the Plan and are incorporated by reference herein. Except as otherwise specifically provided in the Plan, eligibility for and entitlement to benefits under the Predecessor Plans are governed solely by the terms of those Predecessor Plans. Effective January 1, 2005 (or such earlier date as may be provided in a Predecessor Plan), Participants ceased to accrue further benefits under the Predecessor Plans; however, Predecessor Plan benefits continue to accrue earnings per the Predecessor Plan terms before January 1, 2006 and pursuant to the Plan effective as of January 1, 2006.

9.02 Predecessor Plan Accounts. Although benefits accrued under Predecessor Plans are grandfathered for purposes of Code Section 409A to the extent such amounts were earned and vested as of December 31, 2004, for administrative purposes, the December 31, 2005 Predecessor Plan Account balance of any Predecessor Plan Participant became accounted for under the Plan as of January 1, 2006 and shall be subject to Article VI. In all other respects, each Predecessor Plan Account shall remain subject exclusively to the terms of the Predecessor Plan to which it relates, including without limitation the existing distribution election (commencement date and form of distribution) applicable to the Predecessor Participant's Predecessor Plan Account. Any change in that distribution election must be made in compliance with the applicable provisions of the applicable Predecessor Plan.

9.03 Merged Plans. The 2005 Anthem Plan, the 2005 Anthem SERP, the 2005 Trigon Plan and the 2005 Trigon SERP were merged into the Plan effective as of December 31, 2005. All benefits accrued under such merged plans are subject to Code Section 409A. In conjunction with the merger, on and after January 1, 2006, benefits ceased to accrue under the 2005 Anthem Plan, the 2005 Anthem SERP, the 2005 Trigon Plan, and the 2005 Trigon SERP except as otherwise provided in the Plan. The rights and obligations of participants in the Merged Plans before their effective dates of merger shall be governed solely by the terms of the Merged Plans; provided, however, that to the extent minimally necessary to comply with the requirements of Section 409A of the Code, the requirements and restrictions of Sections 5.01(a)-(c) and 8.01(a)-(d) of the 2005 WellPoint Plan shall apply, effective as of January 1, 2005, to the portion of the Participant's Account attributable to the 2005 Anthem Plan. Distributions of amounts attributable to Merged Plan benefits are made pursuant to a Participant's election in effect under the applicable Merged Plan. If no such election is on file, amounts shall be distributed in a single lump sum payment.

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**ARTICLE X**  
**CLAIMS PROCEDURES**

10.01 Presentation of Claim. No application is required for the commencement of benefits under the Plan. However, if a Participant or Beneficiary ("Claimant") believes that he or she is entitled to a greater benefit under the Plan, the Claimant may submit a signed, written application to the Committee for such a greater benefit. If such a claim relates to the contents of a notice received by the Claimant, the claim must be made within 90 days after such notice was received by the Claimant. All other claims shall be made within 180 days of the date on which the event that caused the claim to arise occurred. The claim shall state with particularity the determination desired by the Claimant. A claim shall be considered to have been made when a written communication made by the Claimant or the Claimant's representative is received by the Committee or its authorized delegate. References to the Committee in this Article includes references to the Executive Vice President and Chief Human Resources Officer and, if applicable, such officer's delegate. The Executive Vice President and Chief Human Resources Officer may further delegate, orally or in writing, authority to decide certain claims under this Article.

10.02 Decision on Initial Claim. The Committee shall consider a Claimant's claim and provide written notice to the Claimant of any denial within a reasonable time, but no later than 90 days after receipt of the claim. If an extension of time beyond the initial 90-day period for processing is required, written notice of the extension shall be provided to the Claimant before the initial 90-day period expires indicating the special circumstances requiring an extension of time and the date by which the Committee expects to render a final decision. In no event shall the period, as extended, exceed 180 days. If the Committee denies, in whole or in part, the claim, the notice shall set forth in a manner calculated to be understood by the Claimant:

- (a) The specific reasons for the denial of the claim, or any part thereof;
- (b) Specific references to pertinent Plan provisions upon which such denial was based;
- (c) A description of any additional material or information necessary for the Claimant to perfect the claim, and an explanation of why such material or information is necessary; and
- (d) An explanation of the claim review procedure, which explanation shall also include a statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following a denial of the claim upon review.

10.03 Right to Review. A Claimant is entitled to appeal any claim that has been denied in whole or in part. To do so, the Claimant must submit a signed, written request for review with the Committee within 60 days after receiving a notice from the Committee that a claim has been denied, in whole or in part. Absent receipt by the Committee of a written request for review within such 60-day period, the claim shall be deemed to be conclusively denied. The Claimant (or the Claimant's duly authorized representative) may:

- (a) Review and/or receive copies of, upon request and free of charge, all documents, records, and other information relevant to the Claimant's claim; and/or

(b) Submit written comments, documents, records or other information relating to her claim, which the Committee shall take into account in considering the claim on review, without regard to whether such information was submitted or considered in the initial review of the claim.

If a Claimant requests to review and/or receive copies of relevant information pursuant to subsection (a) above before filing a written request for review, the 60-day period for submitting the written request for review will be tolled during the period beginning on the date the Claimant makes such request and ending on the date the Claimant reviews or receives such relevant information.

**10.04 Decision on Review.** The Committee shall render its decision on review promptly, and not later than 60 days after it receives a written request for review of the denial, unless other special circumstances require additional time. In such case, the Committee will notify the Claimant, before the expiration of the initial 60-day period and in writing, of the need for additional time, the reason the additional time is necessary, and the date (no later than 60 days after expiration of the initial 60-day period) by which the Committee expects to render its decision on review. Notwithstanding the foregoing, if the Committee determines that an extension of the initial 60-day period is required due to the Claimant's failure to submit information necessary for the Committee to decide the claim, the time period by which the Committee must make its determination on review shall be tolled from the date on which the notification of the extension is sent to the Claimant until the date on which the Claimant responds to the request for additional information. The decision on review shall be written in a manner calculated to be understood by the Claimant, and shall contain:

(a) Specific reasons for the decision;

(b) Specific references to the pertinent Plan provisions upon which the decision was based;

(c) A statement that the Claimant is entitled to receive, upon request and free of charge, reasonable access to, and copies of, all documents, records or other information relevant (within the meaning of Department of Labor Regulation Section 2560.503-1(m)(8)) to the Claimant's claim;

(d) A statement of the Claimant's right to bring a civil action under ERISA Section 502(a) following a wholly or partially denied claim for benefits; and

(e) Such other matters as the Committee deems relevant.

**10.05 Form of Notice and Decision.** Any notice or decision by the Committee under this Article may be furnished electronically in accordance with Department of Labor Regulation Section 2520.104b-1(c)(i), (iii) and (iv).

10.06 Legal Action. Any final decision by the Committee shall be binding on all parties. A Claimant's compliance with the foregoing provisions of this Article is a mandatory prerequisite to a Claimant's right to commence any legal action with respect to any claim for benefits under the Plan. Any such legal action must be initiated no later than 180 days after the Committee renders its final decision. If a final determination of the Committee is challenged in court, such determination shall not be subject to de novo review and shall not be overturned unless proven to be arbitrary and capricious based on the evidence considered by the Committee at the time of such determination.

## **ARTICLE XI ADMINISTRATION**

11.01 Plan Administration. The Committee has overall responsibility for the Plan, but the Administrator shall have responsibility for the day-to-day administration of the Plan, as specified herein and as otherwise delegated by the Committee. The Administrator and members of the Committee may be Participants under this Plan. Any individual serving on the Committee who is a Participant shall not vote or act on any matter relating solely to himself or herself. The Chief Executive Officer, Executive Vice President and Chief Human Resources Officer or any other individual charged with administrative authority may not act on any matter involving such individual's own participation in the Plan.

11.02 Powers, Duties and Procedures. The Committee shall have full and complete discretionary authority to (i) make, amend, interpret and enforce all appropriate rules and regulations for the administration of the Plan, including any rules relating to trading restrictions as it determines necessary, and (ii) decide or resolve any and all questions including interpretations of the Plan, as may arise in connection with the claims procedures set forth in Article X or otherwise with regard to the Plan. The Committee shall have complete control and authority to determine the rights and benefits of all claims, demands and actions arising out of the provisions of the Plan of any Participant or Beneficiary or other person having or claiming to have any interest under the Plan. When making a determination or calculation, the Committee may rely on information furnished by a Participant or the Company, an Affiliate or other related entity. Benefits under the Plan shall be paid only if the Committee decides in its sole discretion that the Participant or Beneficiary is entitled to them. The Committee may delegate such powers and duties as it determines for the efficient administration of the Plan.

11.03 Agents. In the administration of this Plan, the Committee or the Administrator may, from time to time, employ agents and delegate to them such administrative duties as it sees fit (including acting through a duly appointed representative) and may from time to time consult with counsel who may be counsel to the Company, an Affiliate or other related entity.

11.04 Binding Effect of Decisions. Notwithstanding any other provision of the Plan to the contrary, the Committee or its delegate shall have complete discretion to interpret the Plan and to decide all matters under the Plan. Any such interpretation shall be final, conclusive and binding on all Participants, Beneficiaries and any person claiming under or through any Participant, in the absence of clear and convincing evidence that the Committee or its delegate acted arbitrarily and capriciously.

11.05 Information. To enable the Committee and the Administrator to perform its functions, the Company, an Affiliate or other related entity shall supply full and timely information to the Committee or the Administrator, as the case may be, on all matters relating to the compensation of its Participants, the dates of the death or Separation from Service and such other pertinent information as the Committee or Administrator may reasonably require.

11.06 Coordination with Other Benefits. The benefits provided to a Participant and the Beneficiary under the Plan are in addition to any other benefits available to such Participant under any other plan or program for employees of the Company, an Affiliate or other related entity. The Plan shall supplement and shall not supersede, modify or amend any other such plan or program except as may otherwise be expressly provided.

## **ARTICLE XII MISCELLANEOUS**

12.01 Limitation of Rights. Participation in the Plan does not give any individual the right to be retained in the service of the Company, any Affiliate or other related entity, or to interfere with the right of the Company, any Affiliate or other related entity to discipline or discharge the individual at any time, with or without cause, or to modify the Salary, Compensation or Bonus of such individual at any time.

12.02 Additional Restrictions. If the Administrator determines that additional restrictions or limitations must be placed on the investment vehicles utilized for measuring the return on the amounts credited to Participant Accounts, the right of Participants to make investment elections with respect to their Accounts, their ability to make or change distribution elections, their ability to defer distributions or to change the commencement date for the distribution of their benefits or the method of such distribution or their rights or status as creditors under the Plan in order to avoid current income taxation of amounts deferred under the Plan, the Administrator may, in its sole discretion, amend the Plan to impose such restrictions or limitations, cease deferrals under the Plan and/or defer distribution dates under the Plan.

12.03 Indemnification. The Company will indemnify and hold harmless the Directors, the members of the Committee and any delegate of the Committee, and employees of the Company and its Affiliates, from and against any and all liabilities, claims, costs and expenses, including attorneys' fees, arising out of an alleged breach in the performance of their fiduciary duties under the Plan, other than such liabilities, claims, costs and expenses as may result from the gross negligence or willful misconduct of such persons. The Company shall have the right, but not the obligation, to conduct the defense of such persons in any proceeding to which this Section applies.

12.04 Assignment. To the fullest extent permitted by law, benefits under the Plan and rights thereto are not subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment, or garnishment by creditors of a Participant or a Beneficiary.

12.05 Inability to Locate Recipient. If a benefit under the Plan remains unpaid for two (2) years from the date it becomes payable, solely by reason of the inability of the Administrator to locate the Participant or Beneficiary entitled to the payment, the benefit shall be treated as forfeited. Any amount forfeited in this manner shall be restored without interest upon presentation of an authenticated written claim by the person entitled to the benefit.

12.06 Amendment and Termination.

(a) The Committee may, at any time, amend or terminate the Plan. Any amendment must be made in writing; no oral amendment will be effective. Except to the limited extent authorized pursuant to Section 12.02, no amendment may, without the consent of an affected Participant (or, if the Participant is deceased, the Participant's Beneficiary), adversely affect the Participant's or the Beneficiary's rights and obligations under the Plan with respect to amounts already credited to a Participant's Account, and all amounts deferred under the Plan before the date of any such amendment or termination of the Plan shall continue to become due and payable in accordance with the distribution provisions of Article VIII as in effect immediately before such amendment or termination.

(b) Notwithstanding subsection (a), if the Company exercises its discretion under Article V and determines an amendment is necessary to the Plan, participant consent shall only be required if the amendment impacts Supplemental Contributions and earnings credited through December 31, 2008.

(c) Upon termination of the Plan, the Committee reserves the discretion to accelerate distribution of the Accounts of Participants in accordance with regulations promulgated by the Department of Treasury under Code Section 409A.

12.07 Applicable Law. To the extent not governed by Federal law, the laws of the State of Indiana shall govern the Plan. If any provision of the Plan is held to be invalid or unenforceable, the remaining provisions of the Plan will continue to be fully effective.

12.08 No Funding. The obligation to pay the vested balance of each Participant's Account shall at all times be an unfunded and unsecured obligation of the Company or its Affiliates, as the case may be, and Participants and Beneficiaries shall have the status of general unsecured creditors of the Company or applicable Affiliate. Except to the extent provided below in Section 12.09, Plan benefits will be paid from the general assets of the Company, and nothing in the Plan will be construed to give any Participant or any other person rights to any specific assets of the Company or its Affiliates. In all events, it is the intention of the Company and its Affiliates and all Participants that the Plan be treated as unfunded for tax purposes and for purposes of Title I of ERISA.

12.09 Trust. The benefits under the Plan will be paid from the assets of a grantor trust (the "Trust") established by the Company to assist it and its Affiliates in meeting their obligations hereunder and, to the extent that such assets are not sufficient, by the Company or the applicable Affiliate out of their general assets. The Trust shall conform to the terms of the Internal Revenue Service Model Trust in Internal Revenue Service Procedure 92-64 (or any successor procedure).

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**IN WITNESS WHEREOF** , WellPoint, Inc. has caused the Plan to be executed by its duly authorized representative as of the date indicated above.

**WELLPOINT, INC.**

By: /s/ John Cannon  
John Cannon  
Interim President & CEO

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE EXCHANGE ACT RULES,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Joseph R. Swedish, certify that:

1. I have reviewed this report on Form 10-Q of WellPoint, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2013

/s/ JOSEPH R. SWEDISH  
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Chief Executive Officer

**CERTIFICATION PURSUANT TO  
RULE 13a-14(a) AND RULE 15d-14(a) OF THE EXCHANGE ACT RULES,  
AS ADOPTED PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002**

I, Wayne S. DeVeydt, certify that:

1. I have reviewed this report on Form 10-Q of WellPoint, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):
  - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 24, 2013

/s/ WAYNE S. DEVEYDT

Executive Vice President and  
Chief Financial Officer

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of WellPoint, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joseph R. Swedish, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ JOSEPH R. SWEDISH

Joseph R. Swedish  
Chief Executive Officer  
April 24, 2013

**CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-  
OXLEY ACT OF 2002**

In connection with the Quarterly Report of WellPoint, Inc. (the “Company”) on Form 10-Q for the period ended March 31, 2013 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Wayne S. DeVeydt, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ WAYNE S. DEVEYDT

Wayne S. DeVeydt

Executive Vice President and Chief Financial Officer

April 24, 2013