EXHIBIT F

ACTUARIAL CONTRIBUTION MEMORANDUM

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I. OVERVIEW

This memorandum describes the methodology for calculating the Actuarial Contribution ("AC") of each Eligible Statutory Member pursuant to Article VII of the Plan of Conversion ("Plan") of which this memorandum is Exhibit F. As stated in Article VII of the Plan, each Eligible Statutory Member will be allocated a number of shares of Common Stock determined in part by the ratio of such Eligible Statutory Member's AC to the sum of ACs attributable to all Eligible Statutory Members.

The information used in the calculations of ACs comes from:

1. a variety of proprietary files and reports, including
   (a) policy, contract and customer records maintained in electronic media,
   (b) internal analyses and memoranda,
   and
2. public documents, such as statutory annual statements filed with insurance regulators ("Annual Statements").

These data sources are referenced where appropriate.

The data in 1.(a) are available at the individual policy, contract or customer level, and the data in 1.(b) are only available at a more aggregate level. Both types of data are combined to develop ACs for classes of Statutory Members (where classes are defined as groupings of Statutory Members with comparable membership history). In the development of such ACs, to the extent appropriate data are not available or are not credible for certain periods of time, reasonable approximations are made to estimate the missing data, or reasonable methodologies are developed that do not require such data. Sensitivity tests have been performed to test potential biases caused by imperfect data. No material effect on ACs for classes of Statutory Members was found in these sensitivity tests.

Capitalized terms used in this Exhibit have the meanings ascribed to them in the Plan or in this Exhibit.

In this Exhibit, the predecessor companies to Anthem Insurance -- Associated Insurance Companies, Inc., Southeastern Mutual Insurance Company, Community Mutual Insurance Company, and Blue Cross & Blue Shield of Connecticut, Inc. -- will be referred to as AICI, SMIC, CMIC, and BCBS-CT, respectively. Legally, AICI was the surviving company in each merger, and AICI changed its name to "Anthem Insurance Companies, Inc." in 1995, but for simplicity this Exhibit uses the name AICI to refer to the Indiana-only company before its merger with SMIC and uses the name Anthem Insurance to refer to AICI at and after the SMIC merger. Anthem Insurance does business in states other than Indiana through subsidiaries. Three of these subsidiaries are "Qualifying Subsidiaries": Anthem Health Plans of Kentucky, or AHP-KY, Community Insurance Company, or CIC, and Anthem Health Plans (Connecticut), or AHP-CT. Statutory Members in Qualifying Subsidiaries hold Guaranty Policies issued by Anthem Insurance, as well as regular insurance policies issued by the Qualifying Subsidiaries.

(The Guaranty Policies grant Membership Interests to certain customers of the Qualifying Subsidiaries and provide benefit payments only in the event of insolvency of the Qualifying Subsidiary.) No Guaranty Policies are issued to, and no Membership Interests exist for, policyholders in other subsidiaries when their coverages are provided by such subsidiaries. In this Exhibit, references to "insurance," "insured," "insured coverage," "policies" or similar words refer to both traditional indemnity insurance policies and health care benefits contracts or coverage.

For convenience of reference, SMIC, CMIC, and BCBS-CT (but not AICI) are defined to be "Predecessor Companies." The allocations of equity in accordance with Anthem Insurance's Articles of Incorporation reflect the regular insurance coverage not only in Anthem Insurance or the applicable Qualifying Subsidiary but also in the corresponding Predecessor Companies.

Except when the context (in Section II.C. of this Exhibit) clearly refers to the January 1, 1999 mergers of certain subsidiaries either into AHP-KY, the word "mergers" refers to only the mergers of SMIC, CMIC, and BCBS-CT into Anthem Insurance.

II. BASIC PRINCIPLES AND METHODOLOGY FOR CALCULATING ACTUARIAL CONTRIBUTIONS

A. General Calculation

In general, the AC of each Statutory Member is calculated as follows:

1. For each "time period" (defined below) from January 1, 1990 forward to June 30, 2000 (the Actuarial Contribution Date or "AC Date") the "contribution to surplus" (defined below) is allocated among Statutory Members in force at the end of the time period in proportion to their estimated historical profitability (as described in Section III of this Exhibit). The amount allocated to a given Statutory Member is called a "direct assignment." If the contribution to surplus is negative for a time period, the direct assignment is zero. Such direct assignments are used period by period in Steps 3(b) and 4(b) below. Direct assignments are calculated also for Statutory Members while they were members in a Predecessor Company based on the contribution to the surplus of those companies.

2. Assignments (as described in Steps 3 and 4 below) to a Statutory Member are accumulated to the AC Date at the "net investment return rate" (defined below) on such accumulated assignments if the Statutory Member maintained insured coverage in his or her legal entity until the AC Date. For this purpose, the Qualifying Subsidiaries are deemed identical to the corresponding Predecessor Companies. If a Statutory Member discontinued insured coverage in his or her legal entity, the accumulated assignments are forfeited. A new accumulation of assignments begins with any subsequent re-initiation of insured coverage, and a new Statutory Membership is started. The most recent date on which insured coverage was initiated (and from which insured coverage has been continuously maintained) is defined to be the "issue date."

3. At each merger date each Statutory Member in force on that date is assigned:

   (a) The accumulation of the amount, if any, assigned at the date of the most recent prior merger involving such Statutory Member, plus
   (b) The accumulation of the direct assignments in Step 1 since the later of (i) January 1, 1990, (ii) the most recent merger date, and (iii) the issue date (which, as defined above, is the most recent issue date), plus
   (c) An amount estimated to equal the present value of contributions to surplus that the Statutory Member will generate over the next five years, taking into account the probability of lapse during the five year period, plus
   (d) The Statutory Member's proportionate share of the "Unassigned Surplus" (defined below), which may be positive or negative, in the Statutory Member's company on such merger date. The Unassigned Surplus (positive or negative) of a company is allocated among Statutory Members of that company in force in

such company on such merger date in proportion to their proportionate shares of the sum of 3(b) and 3(c).

These calculations, pursuant to Anthem Insurance's Articles of Incorporation, are carried out separately for the Predecessor Company and for either AICI or Anthem Insurance (depending on which merger), immediately before the applicable merger.

4. At the AC Date each Statutory Member in force on that date is assigned:

   (a) The accumulation of the amount, if any, assigned at the date of the most recent prior merger involving such Statutory Member, plus
   (b) The accumulation of the direct assignments in Step 1 since the later of (i) the most recent merger date, and (ii) the issue date (which, as defined above, is the most recent issue date), plus
   (c) An amount estimated to equal the present value of contributions to surplus that the Statutory Member will generate over the next five years, taking into account the probability of lapse during the five year period, plus
   (d) The Statutory Member's proportionate share of the "Unassigned Surplus" (defined below), which may be positive or negative, of Anthem Insurance at the AC Date. The Unassigned Surplus (positive or negative) of Anthem Insurance is allocated among Statutory Members of Anthem Insurance in proportion to their proportionate shares of the sum of 4(b) and 4(c).

5. The AC for a Statutory Member in force on the AC Date is the result of the calculation in Step 4 above.

6. ACs for Statutory Members with issue dates after the AC Date and prior to the Adoption Date are set equal to the ACs for Statutory Members with the identical coverage and with issue dates immediately prior to the AC Date.

7. ACs calculated for Statutory Members who do not persist to become Eligible Statutory Members are not used in the calculation of the ratio mentioned in the first paragraph of Section I of this Exhibit. For those Statutory Members who do persist to become Eligible Statutory Members, their AC is as determined in Steps 5 or 6.

B. Certain Definitions

1. "Time periods" refer to
   - calendar years for years not containing a merger date or the AC Date,
   - pre-merger and post-merger segments of the calendar year for years in which mergers occurred, and
   - January 1, 2000 through June 30, 2000.

2. “Surplus,” as used herein, refers to statutory surplus, as shown in the Annual Statements (or comparable interim financial reports) of Anthem Insurance, AICI or the Predecessor Companies and adjusted as described below in Section II.F. of this Exhibit.

3. “Contribution to surplus” in a time period equals that time period’s excess of
   (a) premium and other income plus investment return from operations (defined below) over
   (b) the sum of benefits paid, increases in claim liabilities and reserves, commissions, expenses, and taxes.

   Tax includes the federal income tax, which is treated historically as having been incurred at a single rate for all companies for all calculations, other than the reflection of the financial effects of the 1999 settlements of charitable asset claims, until the AC Date. (See Section II.F. for a discussion of the treatment of the settlements of charitable asset claims.) The present value of future contributions to surplus anticipated at the AC Date is calculated assuming a 35% federal income tax rate applies after the AC Date.

4. “Investment return from operations” is the product of the investment return rate (defined below) for a time period and the statutory liabilities at the beginning of the time period.

5. “Investment return rate” in Anthem Insurance is the ratio of statutory net investment income and realized capital gains to mean statutory assets on a consolidated Anthem Insurance basis, but not less than the one year U.S. Treasury rate for that year (adjusted if used for a time period less than one year). Unrealized capital gains, which involve most corporate activities related to subsidiaries, are ignored.

   “Investment return rate” in Predecessor Companies or in AICI is the company’s ratio of statutory net investment income and realized capital gains to mean statutory assets, but not less than the one year U.S. Treasury rate for that year (adjusted if used for a time period less than one year). Unrealized capital gains are ignored.

6. “Net investment return rate” is the investment return rate times the quantity one minus the federal income tax rate for that time period used in the AC calculations.

7. “Fixed share amount” is the approximate proportion of Anthem Insurance’s surplus as of the AC Date represented by the ratio of the fixed component of consideration specified in Section 7.1(a) of the Plan (expressed as a number of shares of Common Stock) to the Allocable Shares specified in Section 5.1 of the Plan.

8. “Unassigned Surplus” of AICI, of a Predecessor Company or of Anthem Insurance at a merger date is the excess (positive or negative) of surplus in such company at such merger date over the sum of II.A.3(a), 3(b), 3(c) and the fixed share amount for all Statutory Members then in force in such company on such merger date.

9. “Unassigned Surplus” of Anthem Insurance at the AC Date is the excess (positive or negative) of surplus in Anthem Insurance at the AC Date over the sum of II.A.4(a), 4(b), 4(c)

and the fixed share amount for all Statutory Members then in force in Anthem Insurance on the AC Date.

C. Statutory Members

For AICI originally, and for Anthem Insurance after the mergers, Statutory Members are individual primary insureds, whether their coverage is individual coverage or coverage as a participant in an insured employer or association group plan. For the three Predecessor Companies, Statutory Members were defined as (a) individual primary insureds if they had individual coverage, or (b) the employer (or association) if the coverage was insured on a group basis. Employer and association groups with membership in a Predecessor Company in effect as of the date of merger into Anthem Insurance have their membership rights continued in Anthem Insurance. These groups are referred to as “Grandfathered Groups” in this Exhibit. Individual primary insureds within a Grandfathered Group are not themselves Statutory Members.

Article XIII of the Plan provides that “Policy” is deemed to include contracts issued to an Administrative Trust, so Statutory Members may include Holders of such Policies pursuant to Section 12.1(c) of the Plan.

The assumption reinsurance transfer of Anthem Health of Indiana (AHI) policies into Anthem Insurance on January 1, 1999 resulted in AHI insured enrollees becoming Statutory Members of Anthem Insurance. The mergers of Alternative Health Delivery Systems (AHDS) and Southeastern United Medical Insurance (SUMI) into AHP-KY on January 1, 1999 resulted in the issuance of Guaranty Policies, and thus the granting of Statutory Membership rights in Anthem Insurance, to insured enrollees of SUMI and AHDS as of January 1, 1999.

D. Line of Business Definitions

To facilitate analysis of financial results, products were consolidated into five representative Lines of Business (“LOBs”). These categories are reasonably homogeneous with regard to their experience and risk characteristics, given materiality considerations and the way the policies are managed. The five LOBs are:

- Individual Medicare Supplement
- Individual Medicare Risk (Medicare+Choice)
- Direct pay individual medical other than related to Medicare
- Insured group medical (including large and small groups, with or without other non-medical coverage, but excluding administrative services only contracts)[1]

[1] Anthem Insurance has a small number of individual long term care insurance policies, which are treated for this purpose as though they were group medical.

- Insured group non-medical (insured dental, vision, or drugs, when written without insured medical coverage, but excluding administrative services only contracts)

Individual policies are categorized into one of the first three LOBs. The coverage of each individual primary insured in a group is categorized into one of the last two LOBs above: group medical or group non-medical. Such individual primary insureds in a group may be Statutory Members themselves, or they may be employees within a Grandfathered Group. Assignments for the Grandfathered Groups are calculated as the sum of the assignments related to the individual primary insureds in such group at a given point in time. Under the calculation approach for Grandfathered Groups, the year-by-year history of individual primary insureds (and their LOBs) in each such group policy is taken into account, so that a specific AC is calculated for each such group.

For individual Statutory Members who have maintained continuous coverage but changed the type of coverage over the AC calculation period, their AC recognizes the full, continuous period of time during which they were Statutory Members, but the AC is determined as though their LOB on the Adoption Date applies for the entire coverage period with one exception. The one exception to this LOB classification relates to Statutory Members in the Medicare Risk LOB on the Adoption Date who had earlier transferred from a different LOB. Such Statutory Members will have their AC assigned based in part on when they most recently transferred and from which LOB they most recently transferred. (Those who transferred to Medicare Risk from Medicare Supplement are assumed to have had Medicare Supplement in all years prior to the transfer, and those who transferred to Medicare Risk from other LOBs are treated as if they had transferred from the direct pay individual medical LOB and had had direct pay individual medical in all years prior to the transfer.)

E. Relative Profit

Allocations are based on the relative levels of historical and anticipated profit per individual primary insured in the LOBs. Such relative levels of profit per individual primary insured are determined as the average profits of the LOB over the ten-year period from 1990 through 1999, divided by the average number of individual primary insureds over that period.

F. Adjustments to Financial Statements, including Treatment of Settlements of Charitable Asset Claims

Statutory financial reports form the basis for the determination of the amount of surplus available for allocation through the assignment processes, as well as the calculation of certain factors used. Financial operating results from AICI, SMIC, CMIC, and BCBS-CT are considered for each time period before a merger for those particular companies. Financial operating results from Anthem Insurance and the Qualifying Subsidiaries are consolidated for each time period that they exist. In the consolidation of surplus and assets of Qualifying Subsidiaries with those of Anthem Insurance, adjustments are made for the surpluses of Qualifying Subsidiaries that also appear as assets (and therefore in the surplus) of Anthem Insurance.

Surplus notes are treated as liabilities, so surplus is adjusted to exclude surplus notes.

In addition, the Qualifying Subsidiaries settled merger-related charitable asset claims in 1999, and these settlements appear in the companies' 1999 statutory financial statements. These settlements are considered in the AC calculations to be an expense of the relevant merger. Therefore, the liabilities of each Predecessor Company at the applicable merger date are adjusted to include the then present value of the applicable 1999 settlement amount. The present values are calculated using the net investment return rates used in the AC accumulations of contributions to surplus between the applicable merger date and the AC Date, and using in the case of each Qualifying Subsidiary the federal income tax rate employed in the Qualifying Subsidiary's 1999 financial statements in reflecting the effect of the settlement. The 1999 contribution to surplus excludes any charge for the settlement of charitable asset claims in that year because the settlement payment is offset by the release of the liability deemed created at the time of the applicable merger.

III. ASSIGNMENTS

A. Assignments to Individual Statutory Members

As described in Section II of this Exhibit, as of each merger date or the AC Date, the amount assigned to each Statutory Member for the applicable time period as a direct assignment is the contribution to surplus multiplied by the ratio of the Statutory Member's profit to the sum of the profit of all Statutory Members (including in both numerator and denominator all applicable individual primary insureds, not only those who are Statutory Members but also those individual primary insureds in Grandfathered Groups) in force at the time.

In the calculation each Statutory Member who is an individual primary insured in force at the time of assignment who has an issue date in the same time period and who is in the same LOB is assigned the same amount of direct assignment. In the calculation each Statutory Member who is an individual primary insured in force at the time of a merger (or the AC Date) who is in the same LOB is assigned the same amount of anticipated future profit, without regard to issue date.

All assignments to a Statutory Member who terminates no longer remain assigned after such termination. As a result, at the next subsequent merger date or AC Date, the Unassigned Surplus will be that much larger, increasing the next merger-related (or demutualization-related) assignment.

B. Assignments to Grandfathered Groups

As described in Section II of this Exhibit, as of each merger date or the AC Date, the amount assigned to a Grandfathered Group at a particular point in time is the sum of the amounts that would have been assigned to the individual primary insureds in the Grandfathered Group using the same methodology as described above.

Once assignments are made to a Grandfathered Group account, they are not released until there are no longer any insured individuals in the group.

All assignments to a Grandfathered Group that terminates all insured coverage no longer remain assigned after such termination, so the Unassigned Surplus at the next subsequent merger date (or AC Date) will be that much larger, increasing the next merger-related (or demutualization-related) assignment.