

Anthem, Inc.
Reconciliation of Non-GAAP Financial Measures & Earnings Outlook
Second Quarter 2003 Earnings Call
July 31, 2003

Anthem, Inc. (the "Company") disclosed the following financial and other statistical information during its earnings call held on July 31, 2003 ("Earnings Call") to discuss the Company's financial results for the quarter ended June 30, 2003. Other financial and statistical information not listed on this page but discussed on the Earnings Call can be found in the Company's earnings release issued on July 31, 2003 ("Earnings Release") and its filings with the Securities and Exchange Commission ("SEC Filings"). The information should be considered only as of its date of first publication (July 31, 2003) and the Company does not assume any responsibility to update the information to reflect subsequent events. See the Safe Harbor Statement below for additional information regarding important risk factors that may affect the forward looking and other information.

You should read this information in conjunction with the Company's SEC Filings and Earnings Release and should listen to the replay or review the transcript of the Earnings Call in full. The SEC Filings, Earnings Release, transcript and the Earnings Call replay can be found by selecting "Financials" on the Company's "Investor Relations" page at www.anthem.com.

Reconciliation of Non-GAAP Financial Measures

The following is a reconciliation of the most directly comparable financial measures prepared in accordance with accounting principles generally accepted in the United States, or GAAP, to certain non-GAAP financial measures used by the Company. The non-GAAP financial measures are entitled "adjusted net income" and "adjusted net income per share". The Company's management believes that excluding events and items not resulting from business operations, such as realized gains or losses, provides a more accurate accounting of underlying earnings trends from operations.

<i>(\$ In Millions, Except Per Share Data)</i>	Three Months Ended		Six Months Ended	
	June 30		June 30	
	2003	2002	2003	2002
GAAP net income	\$177.3	\$106.2	\$369.0	\$206.0
Less: net realized gains (losses) on investments (net of tax)	(6.0)	1.7	2.4	3.8
Less: loss on sale of subsidiary operations (net of tax)	(0.7)	-	(0.7)	-
Less: resolution of litigation (net of tax)	-	-	15.9	-
Adjusted net income	<u>\$184.0</u>	<u>\$104.5</u>	<u>\$351.4</u>	<u>\$202.2</u>
GAAP net income per share	\$1.25	\$1.01	\$2.61	\$1.96
Less: net realized gains (losses) on investments (net of tax)	(0.05)	0.02	0.02	0.04
Less: loss on sale of subsidiary operations (net of tax)	-	-	-	-
Less: resolution of litigation (net of tax)	-	-	0.11	-
Adjusted net income per share	<u>\$1.30</u>	<u>\$0.99</u>	<u>\$2.48</u>	<u>\$1.92</u>

	<u>Projected</u> <u>Full Year</u> <u>2003</u>
GAAP projected net income per share	\$5.23 - \$5.28
Less: net realized gains on investments (net of tax)	0.02
Less: resolution of litigation (net of tax)	0.11
Adjusted net income per share	<u>\$5.10 - \$5.15</u>

Earnings Outlook

To follow is a summary of Anthem's earnings outlook provided during the July 31, 2003 second quarter earnings conference call.

<u>Description</u>	<u>Outlook</u>
2003 Adjusted Net Income per Share ⁽¹⁾	\$5.10 to \$5.15
2003 Full Year Diluted Shares Outstanding	142 to 144
2004 Adjusted Net Income per Share ⁽¹⁾	At least 15% growth
2003 Full Year Outlook	
Operating Revenue ⁽²⁾	Approaching \$16.5 billion
Membership Growth	7% to 8%
Premium Yields	Price to cover trend
Medical Cost Trends	10.5% to 11.5%
<u>Operating Gain⁽³⁾</u>	
Total Anthem Operating Gain	Approaching \$1.1 billion
Midwest Operating Gain	\$425 to \$435 million
East Operating Gain	\$295 to \$305 million
Southeast Operating Gain	\$320 to \$330 million
West Operating Gain	\$90 to \$95 million
Specialty Operating Gain	\$60 to \$65 million
Other Segment Operating Loss	(\$135 to \$145) million
Benefit Expense Ratio	81.4% to 81.9%
Administrative Expense Ratio	18.3% to 18.8%
Operating Cash Flow	At least \$1 billion

Basis of Presentation:

- All adjusted net income per share amounts are on a diluted basis and have been adjusted for events and items not resulting from our business operations, such as realized gains or losses. Management believes this approach provides a more accurate accounting of underlying earnings trends from operations. This financial presentation is a non-GAAP financial measure under Regulation G. Reconciliations to the most directly comparable GAAP financial measures are set forth above.
- Operating revenue is defined as premiums plus administrative fees and other revenue.

3. Operating gain or loss is defined as operating revenue less benefit expense and administrative expense. Net investment income, net realized gains and losses, interest expense, amortization of intangible assets, income tax expense, and minority interest are not included.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This document contains certain forward-looking information about Anthem, Inc. ("Anthem"), 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 historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. 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 the control of Anthem, 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 public filings with the Securities and Exchange Commission ("SEC") made by Anthem; trends in health care costs and utilization rates; our ability to secure sufficient premium rate increases; competitor pricing below market trends of increasing costs; increased government regulation of health benefits and managed care; significant acquisitions or divestitures by major competitors; introduction and utilization of new prescription drugs and technology; a downgrade in our financial strength ratings; an increased level of debt; litigation targeted at health benefits companies; our ability to contract with providers consistent with past practice; our ability to achieve expected synergies and operating efficiencies in our acquisition of Trigon Healthcare, Inc. and to successfully integrate our operations; and general economic downturns. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Anthem does 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. You are also urged to carefully review and consider the various disclosures in Anthem's various SEC filings, including but not limited to Anthem's Annual Report on Form 10-K for the year ended December 31, 2002 and Anthem's quarterly report on Form 10-Q for the quarter ended March 31, 2003.