

Anthem.

2016 ANNUAL REPORT



# Leading the Way in Transforming Health Care



## Joseph R. Swedish, Chairman, President and CEO

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## Pete Haytaian, Executive Vice President and President, Government Business Division

**As the head of Anthem’s government business division, Pete Haytaian works with his team to provide services and support to some of the most vulnerable people in the U.S.—individuals who are coping with complex conditions like multiple chronic diseases, homelessness and mental and emotional challenges. Many are elderly and disabled.**

His team not only ensures that these members have access to high quality care, but also must operate effectively under the strict financial constraints of publicly funded programs.

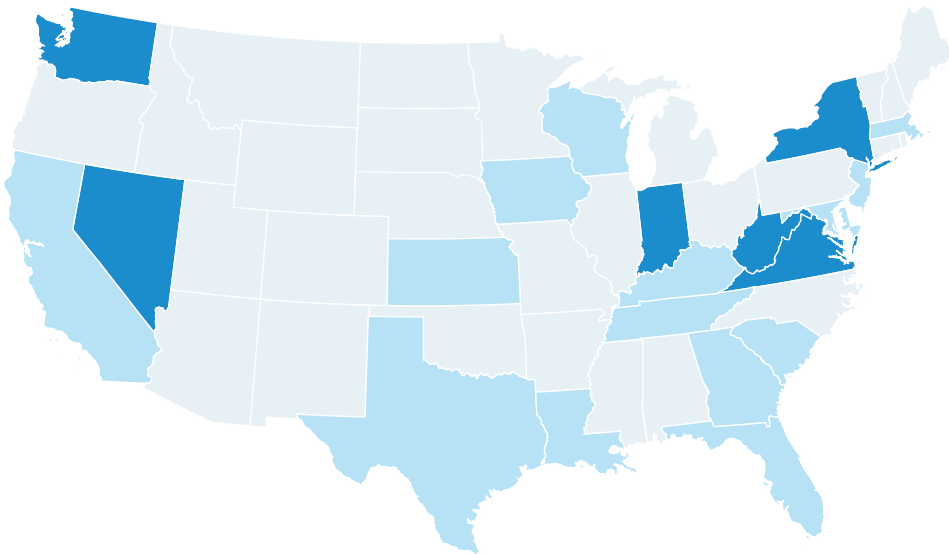
“In the government space, you are really forced to contain costs while innovating and thinking through the complexity of managing the health of a population with a lot of challenges,” says Haytaian. “I call it ‘doing well by doing good’—operating successfully as a business while also meeting the needs of a vulnerable segment of society.”

“In this business in particular, you can see a dramatic impact on the quality of care by the little things—like helping a pregnant mom get her baby off to a healthy start in life,” he adds. “All of us on the team feel good knowing that we can help improve people’s lives in important ways.”

Anthem’s government business team is doing well by doing good on a large scale, growing by 600,000 new members in 2016. This represents an additional \$5 billion in revenue for the year, which exceeded expectations. Anthem’s Medicaid teams won all six of the state Medicaid contracts they bid on in 2016.

## Anthem Medicaid Contracts

2016 Medicaid Contracts ■ Medicaid Programs ■



# 600K NEW MEMBERS

Anthem’s government business division grew by 600,000 new members in 2016

51% of Medicare Advantage members in 2017 are enrolled in plans that achieved four stars or higher

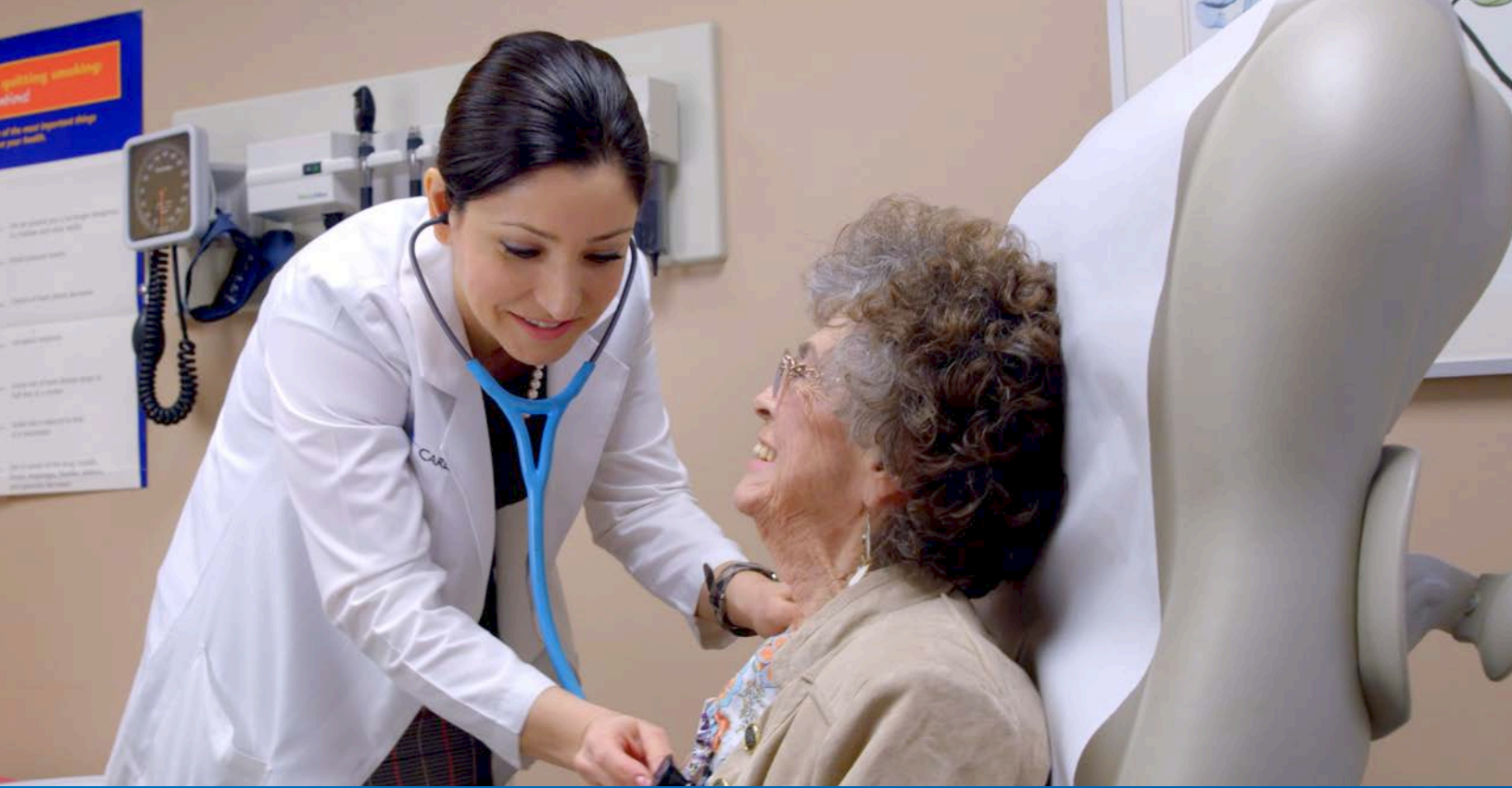
COMPARED TO

22% of Medicare Advantage members in 2016 were enrolled in plans that achieved four stars or higher

Anthem’s Medicare business is also well-positioned to meaningfully grow membership in 2017 and beyond, as the result of significant company investments over the past three years. In the most recent star quality ratings released by the federal government’s Centers for Medicare & Medicaid Services, Anthem’s Medicare Advantage 2017 plans scored significant increases—with nearly 51 percent of Anthem’s Medicare Advantage members enrolled in plans that achieved four stars or higher (on a scale of five stars). By comparison, 22 percent of members in 2016 were enrolled in plans that achieved four stars or higher.

The government business division’s growth comes as the Affordable Care Act (ACA) broadened Medicaid beyond the traditional focus on mothers and children to provide services to all non-elderly adults at or below 138 percent of federal poverty. The ACA also encouraged states to provide more social support services like housing and employment assistance.

“We’ve really moved beyond serving just medical needs to taking a holistic approach to member health,” Haytaian says. “We’re working to ensure community resources come together cohesively for members, because the lack of one of those services—like housing—can translate into further medical problems. Health care is a critical part of an interconnected web of social services that together can make a huge difference in the well-being of people and their communities.”



## Dr. Sepideh Chegini, Regional Medical Director, CareMore

**As more Americans age into Medicare benefits, CareMore is evolving to meet the health and wellness needs of the baby boomer generation and beyond. The coordinated care model that CareMore has created means that a wide range of medical professionals—from clinicians and lab technologists, to specialists and primary care physicians—are all collaborating on care plans for patients, thereby focusing on appropriate testing and ensuring that preventive care needs are met.**

Dr. Sepideh Chegini, regional medical director for CareMore’s Los Angeles and Orange County operations, and her team work to better coordinate the care of what can be a population with complex health issues—some patients are still very active, while others are dealing with chronic conditions, and still others may not be appropriately managing multiple health issues and conditions. Dr. Chegini and her team work daily—in a highly coordinated and interactive manner—to improve the lives of the patients they see—and it is working. This is a model that Anthem is now incorporating into its Medicaid programs and individual health benefits.

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## Swati Mathai, Vice President, Account Management, National Accounts

**Ever since she was studying for her master's degree in public health, Swati Mathai has been fascinated by the vastly different expectations and levels of engagement consumers have with their medical care—there's never a one-size-fits-all solution for how consumers want their health care delivered.**

“What is quality health care, and what is a quality outcome? The answer is actually a very personal issue—it's different for elite athletes compared to someone with complex medical conditions,” Mathai says. “Twenty years after my graduate studies, I'm still very passionate about helping people find their personal health care solutions.”

In her role as vice president of account management for Anthem's national accounts, Mathai now helps some of the biggest companies in the U.S. create their own personalized approach to offering health care to their employees. Innovating to meet the needs of Fortune 500 companies is a big responsibility, but it's one that Mathai and her team are well positioned to consistently deliver.

“Our account executives must know our companies inside and out to serve them well—we have to be closely tied into their business challenges and understand the environment in which they operate,”

she says. “We’re helping customers solve for bigger problems beyond answering their customer calls and paying medical claims; we’re helping them gain a competitive advantage by offering benefits that attract and retain top talent while also controlling costs.”

For The Kroger Co., parent of Harris Teeter, Ralphs, Kroger supermarkets, and several other banners, a key challenge is managing the health of some 150,000 mostly hourly-paid associates in their company-sponsored health care plan spread across the country. The grocery business runs on tight margins, so cost management is a major priority. But Kroger’s workforce can’t shoulder high deductibles or other cost-shifting approaches typically used by many employers.

In response, Anthem’s recently launched integrated medical, dental and vision insurance program provided a unique opportunity to help Kroger identify and manage health issues at an early stage for its insured population before those issues become more severe and more costly medical events. For example, if an ophthalmologist seeing a patient for an annual eye exam notices a high blood pressure reading, that information is flagged to the member’s primary care doctor—who can then get the member in for early treatment of high blood pressure before it leads to serious health issues.

# 19.4%

National Accounts represents 19.4% of Anthem’s medical members as of December 31, 2016 (up from 19.1 percent in 2015)

# 7.8m

There were 7.8 million National Accounts members at the end of 2016, a 5.2 percent increase from 2015 (excluding BlueCard)

“What we’re starting to see with programs like this one is early identification of gaps in care or health issues so doctors can intervene, and intervene earlier,” Mathai says. “Improved health and quality care will lead to lower cost of care, and better compliance around evidence-based guidelines.”

According to Mathai, programs that integrate benefits are just the beginning of a new era in managing health benefits in which payers can share information with providers to make critical early interventions and employers have new ways to measure outcomes and manage population health.

“The health care industry has been fragmented, but Anthem—as a leading provider of innovative health care solutions—can play a huge role in helping to make health care more personalized and effective for employers and consumers,” she says.



## Aaron Person, Customer Care Representative

**Health care is a complex industry. We can all use some help understanding the health benefits that can support us and our families through medical emergencies, chronic disease or routine preventive care. At Anthem, our front-line employees answer thousands of consumer questions a day and have the experience, expertise and knowledge to help them navigate their benefits.**

Customer Care Representative Aaron Person is the voice of Anthem. He embodies Anthem values in every call he takes—easing concerns, resolving questions and guiding members through their health benefits, often at one of the most stressful times in the lives of members.

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## Veeneta Lakhani, Vice President, Provider Enablement

**As Anthem's vice president of provider enablement, Veeneta Lakhani is leading the company's effort to work with providers who want to embrace payment transformation but also want a strong solutions partner to help ensure success.**

Anthem has made collaboration with providers one of its highest strategic priorities. That strategy has grown beyond offering payment incentives that reward prevention and quality care, to a deeper collaboration in which we foster success by giving doctors and hospitals the support they need to thrive under those arrangements.

Shifting from a system that pays doctors for the volume of care they deliver to one that compensates them for the quality and efficiency of care they provide is not a small task. Anthem is providing doctors and hospitals with the tools and data they need to make this shift, but also prompting the cultural shifts that will make the transformation successful.

"We're moving from being the payer of claims to the partner that provides solutions across the doctor's patient base," says Lakhani. "Provider groups vary dramatically in their level of experience and sophistication with value-based payment programs, so we have to come to the table and meet them where they are to help them on this transformational journey," she adds.

For example, Anthem provides doctors participating in its value-based health care contracts with free software that flags patients' missed follow up visits, prescription drug refills and other actionable information. A team of care consultants in every market works full time to help providers apply Anthem's tools and technology, such as helping to create action plans to successfully identify and reach out to high-risk patients struggling to manage diabetes so that those patients stay healthy, manage blood sugar levels and avoid ER and hospital visits.

Participating provider practices showed fewer members admitted to the hospital:

**6.1%** Fewer inpatient admits  
**3.4%** Fewer inpatient days

Lakhani and her team are constantly working to analyze member data so participating doctors can identify their high risk patients. In real time, the team can identify practices in which there are opportunities to close a care gap with a patient before it spirals into a major—and costly—medical crisis.

“Instead of leaving patients on their own to deal with the specialist and the labs and the pharmacy, value-based care is about making it easier for the patients to navigate the system—by connecting and coordinating that care,” Lakhani says. Enhanced Personal Health Care is Anthem's umbrella strategy covering all of our patient-centered care and value-based contracting initiatives.

*Doctors participating in EPHC (and receiving value-based payments) had \$14.08 per member per month, or 3.5 percent, in gross savings in medical costs compared to expected trend as of September 2015. That resulted in \$11.34 per member per month in net savings.*

Anthem's family of health plans counts more than 64,000 doctors receiving value-based payments, and the company is committed to having 50 percent of its spending in shared savings and shared risk contracts by the end of 2018, up from more than 43 percent now.

The effort appears to be paying off for members and providers alike. Members who see a primary care doctor participating in Anthem's value-based payment program rate their overall provider experience higher than members who see a doctor outside the program—noting that they have better communication and access to their doctor outside typical office hours. Their doctors are also more likely to deliver high quality care, making sure that patients get recommended preventive care, such as breast cancer screenings, diabetes eye exams, and measles, mumps and rubella vaccinations.



## Sherry Dubester, Vice President, Behavioral Health and Clinical Programs

**While opioids have helped millions of Americans manage pain, we are seeing how the abuse of these drugs can devastate lives, families and communities. Anthem is taking a more holistic approach to tackling health issues like the opioid epidemic impacting our communities, employing analytics and evidence-based therapies to provide consumers with a path toward health.**

Sherry Dubester, vice president of Behavioral Health and Clinical Programs, and her team are taking these successful strategies and applying them to address other significant public health concerns, such as diabetes, cancer care, behavioral health and wellness.

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## Corporate Responsibility

**At Anthem, we are committed to being a responsible corporate citizen—by improving our company’s environmental sustainability, and by supporting health and well-being programs in the communities we serve. In these and many other ways, we demonstrate the values that are at the heart of good corporate citizenship.**

The Anthem Foundation works with non-profits across the U.S. to improve the health of our communities, teaming with organizations that are setting the standard when it comes to innovative programs that offer long-term solutions. A quick look at some of last year’s highlights illustrates how these non-profits are helping to reduce health disparities and empower local community residents to take control of their health:

- Anthem Foundation’s partnership with the American Heart Association helped more than five million Americans learn Hands-Only CPR.
- Our Foundation’s grant to the American Cancer Society provided more than 46,000 low or no cost cancer screenings to populations at greatest risk.
- Anthem’s CenteringPregnancy™ grant to the March of Dimes programs to reduce preterm births reached 6,600 women across the U.S.

Our own associates are living our values beyond the workplace—in the communities where they live and work—donating more than 55,000 volunteer hours to benefit countless nonprofits in 2016. On Giving Tuesday—a global campaign on the Tuesday after Thanksgiving that kicks off the charitable giving season and end-of-year philanthropic efforts—associates raised \$431,000 in support of community and other initiatives.

# \$40m

Anthem, our associates and the Anthem Foundation maintained more than \$40 million in open community activity with nonprofits across the U.S.

# \$4.3m

Amount raised by the year-round Associate Giving Campaign, supported by an Anthem Foundation match

Anthem is also focused on mitigating the impact our business has on the world around us through smart energy programs, water conservation and waste reduction. We have made significant progress since 2013—reducing our workplace paper use by 16 percent, lowering greenhouse gas emissions intensity by 18 percent, and decreasing water use by 28 percent—and we’ve set even higher goals in the years ahead.

## 50T+

A commercial composting program diverts over 50 tons of materials from landfills each year

## 5M+

Energy Star Partner—Over 5 million square feet of certified office and data center space

## 700K+

Square feet of LEED-certified office space

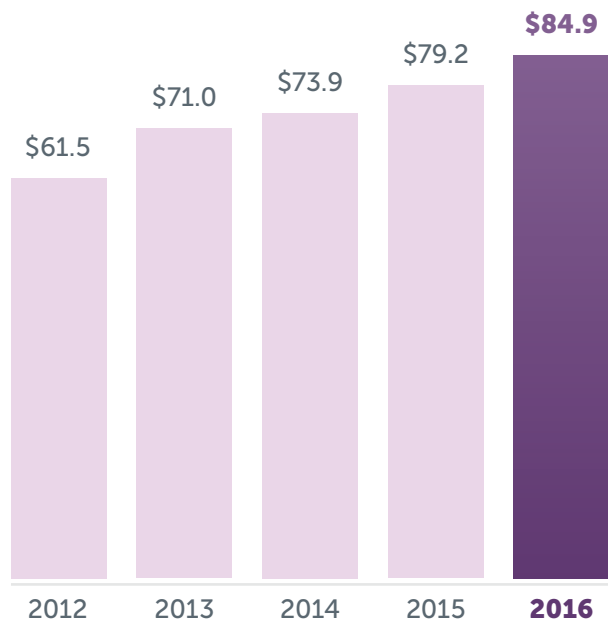
Anthem recognizes the link between environmental health and personal wellness. To promote local, more sustainable food options, we established mini farmers markets for associates at larger Anthem locations. And we launched Anthem Hydration Stations to encourage our associates to drink more water. To help reduce auto emissions, we are currently piloting 10 electric vehicle charging stations at Anthem office locations with plans to add more this year.

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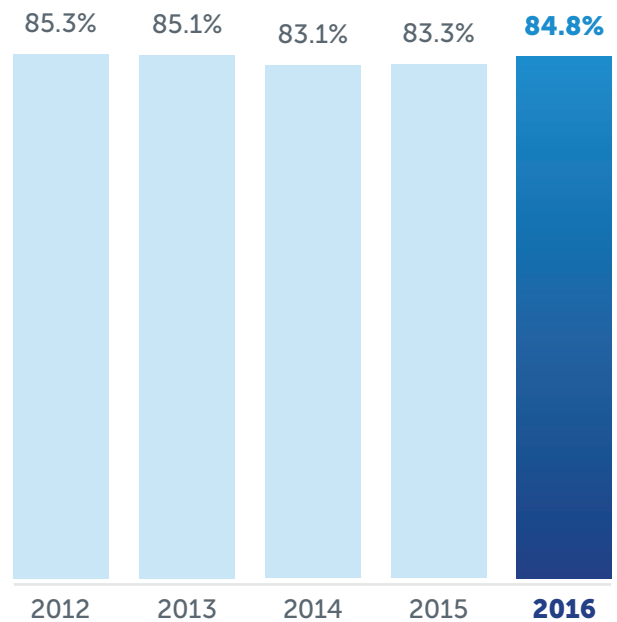
# Financial Information

## Total Revenue

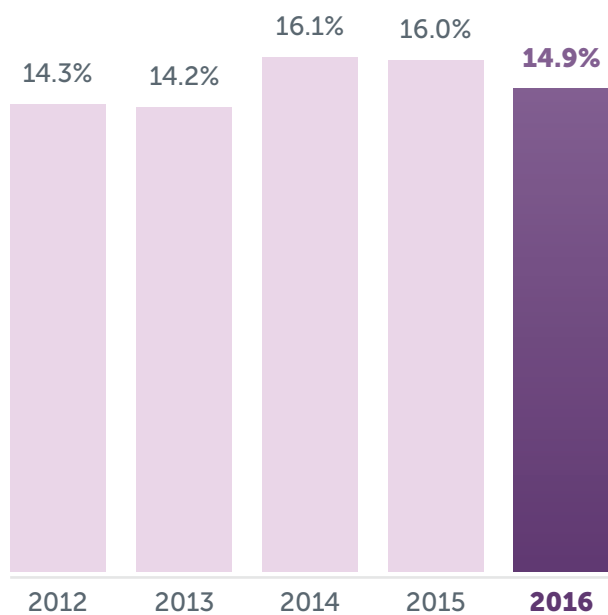
(\$ in Billions)



## Benefit Expense Ratio

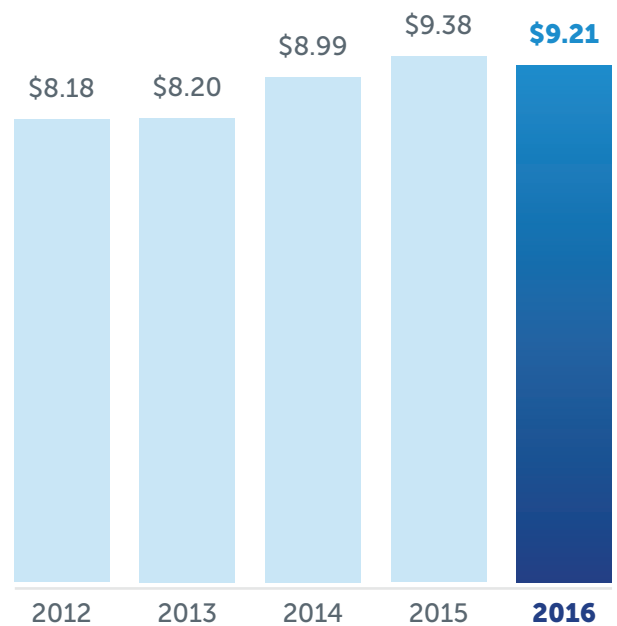


## Selling, General and Administrative Expense Ratio



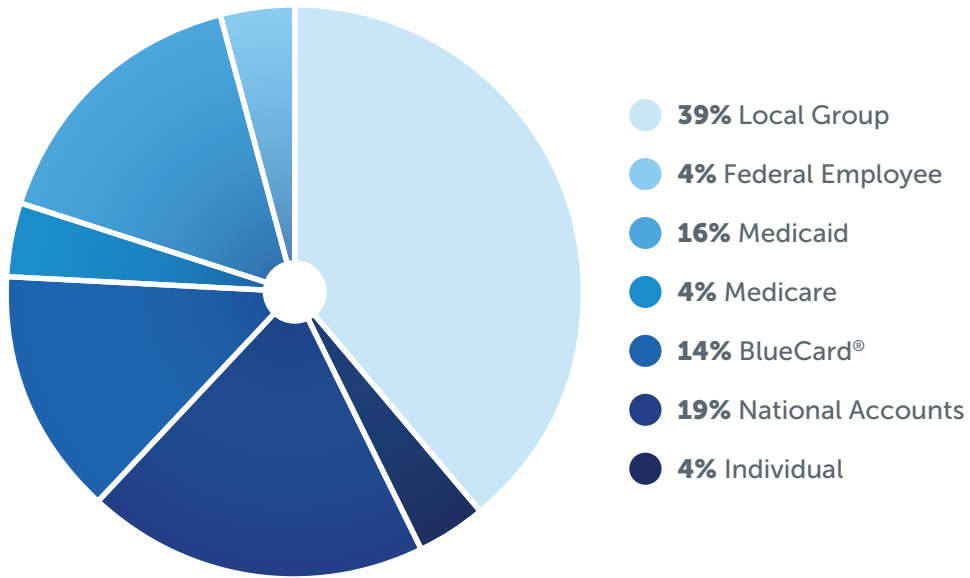
## Diluted Net Income Per Share

(In Whole Dollars)



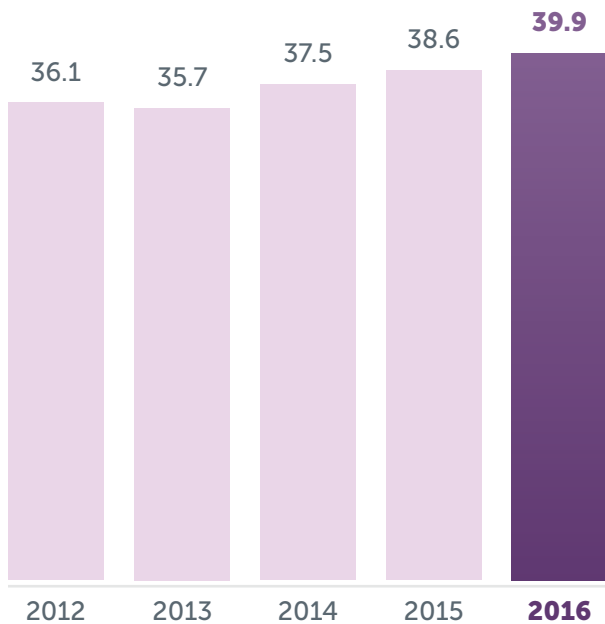
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## 2016 Medical Membership

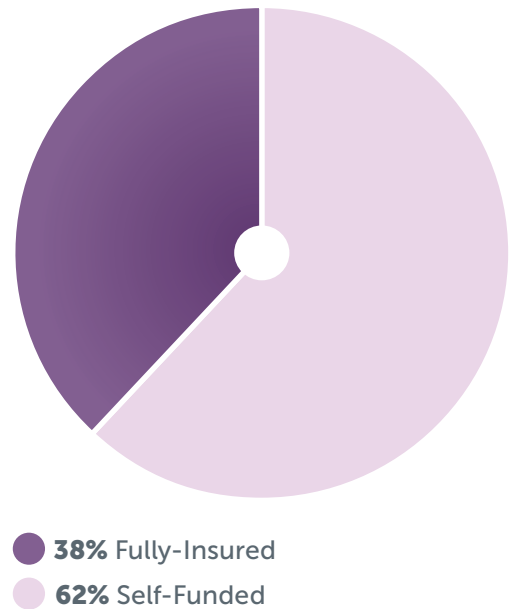


## Total Medical Membership

(In Millions)



## Customer Base



# Financial and Membership Highlights

The information presented below is as reported in Anthem's 2016 Annual Report on Form 10-K.

(Dollars in millions, except per share data)	2016	2015	2014
<b>OPERATING RESULTS</b>			
Total operating revenue	\$84,194.0	\$78,404.8	\$73,021.7
Total revenue	84,863.0	79,156.5	73,874.1
Net income	2,469.8	2,560.0	2,569.7
<b>Earnings Per Share</b>			
Basic net income	\$ 9.39	\$ 9.73	\$ 9.31
Diluted net income	9.21	9.38	8.99
Dividends per share	2.60	2.50	1.75
<b>Balance Sheet Information</b>			
Total assets	\$65,083.1	\$61,717.8	\$61,676.3
Total liabilities	39,982.7	38,673.7	37,425.0
Total shareholders' equity	25,100.4	23,044.1	24,251.3
<b>MEDICAL MEMBERSHIP (IN THOUSANDS)</b>			
Commercial and Specialty Business	30,384	29,678	29,364
Government Business	9,535	8,921	8,135
Total Medical Membership	39,919	38,599	37,499
<b>Customer Type</b>			
Local Group	15,429	15,241	15,137
Individual	1,664	1,675	1,793
National:			
National Accounts	7,741	7,355	7,155
BlueCard®	5,550	5,407	5,279
Total National	13,291	12,762	12,434
Medicare	1,438	1,439	1,404
Medicaid	6,527	5,914	5,193
FEP	1,570	1,568	1,538
Total Medical Membership	39,919	38,599	37,499

(continued)



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<b>Funding Arrangement</b>			
Self-Funded	<b>24,688</b>	23,666	22,800
Fully-Insured	<b>15,231</b>	14,933	14,699
Total Medical Membership	<b>39,919</b>	38,599	37,499
<b>Other Membership</b>			
Life and Disability Members	<b>4,732</b>	4,849	4,762
Dental Members	<b>5,846</b>	5,206	4,995
Dental Administration Members	<b>5,294</b>	5,282	4,918
Vision Members	<b>6,388</b>	5,641	5,096
Medicare Advantage Part D Members	<b>629</b>	622	690
Medicare Part D Standalone Members	<b>350</b>	371	467

Note 1: The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes and Management's Discussion and Analysis of Financial Condition and Results of Operations included in Anthem's 2016 Annual Report on Form 10-K.

Note 2: Certain prior year amounts have been reclassified to conform to current year presentation.

# Consolidated Balance Sheets

Years Ended December 31

(Dollars in millions, except share data)

## ASSETS

### Current assets:

Cash and cash equivalents	\$ 4,075.3	\$ 2,113.5
Investments available-for-sale, at fair value:		
Fixed maturity securities (amortized cost of \$16,991.8 and \$16,950.0)	17,163.1	16,920.0
Equity securities (cost of \$1,076.1 and \$1,055.8)	1,468.5	1,441.8
Other invested assets, current	15.8	19.1
Accrued investment income	164.5	170.8
Premium and self-funded receivables	5,860.8	4,602.8
Other receivables	2,536.6	2,421.4
Income taxes receivable	168.7	316.6
Securities lending collateral	1,079.8	1,300.4
Other current assets	1,781.8	1,555.7

<b>Total current assets</b>	<b>34,314.9</b>	<b>30,862.1</b>
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### Long-term investments available-for-sale, at fair value:

Fixed maturity securities (amortized cost of \$524.6 and \$550.4)	524.4	558.2
Equity securities (cost of \$27.2 and \$27.3)	31.4	31.0
Other invested assets, long-term	2,240.5	2,041.1
Property and equipment, net	1,977.9	2,019.8
Goodwill	17,561.2	17,562.2
Other intangible assets	7,964.9	8,158.0
Other noncurrent assets	467.9	485.4

<b>Total assets</b>	<b>\$65,083.1</b>	<b>\$61,717.8</b>
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## LIABILITIES AND SHAREHOLDERS' EQUITY

### Liabilities

#### Current liabilities:

Policy liabilities:		
Medical claims payable	\$ 7,892.6	\$ 7,569.8

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Reserves for future policy benefits	71.8	71.9
Other policyholder liabilities	2,221.1	2,256.5
Total policy liabilities	10,185.5	9,898.2
Unearned income	971.9	1,145.5
Accounts payable and accrued expenses	4,014.9	3,318.8
Security trades pending payable	93.5	73.1
Securities lending payable	1,078.9	1,300.9
Short-term borrowings	440.0	540.0
Current portion of long-term debt	928.4	—
Other current liabilities	3,581.3	2,816.1
Total current liabilities	21,294.4	19,092.6
Long-term debt, less current portion	14,358.5	15,324.5
Reserves for future policy benefits, noncurrent	666.1	631.7
Deferred tax liabilities, net	2,779.9	2,630.6
Other noncurrent liabilities	883.8	994.3
<b>Total liabilities</b>	<b>39,982.7</b>	<b>38,673.7</b>
Commitments and contingencies—Note 13		
<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—263,747,395 and 261,238,188	2.6	2.6
Additional paid-in capital	8,805.1	8,555.6
Retained earnings	16,560.6	14,778.5
Accumulated other comprehensive loss	(267.9)	(292.6)
<b>Total shareholders' equity</b>	<b>25,100.4</b>	<b>23,044.1</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$65,083.1</b>	<b>\$61,717.8</b>

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Anthem's 2016 Annual Report on Form 10-K.

# Consolidated Statements of Income

Years Ended December 31

(Dollars in millions, except per share data)

	2016	2015	2014
<b>REVENUES</b>			
Premiums	\$78,860.1	\$73,385.1	\$68,389.8
Administrative fees	5,298.8	4,976.6	4,590.6
Other revenue	35.1	43.1	41.3
Total operating revenue	84,194.0	78,404.8	73,021.7
Net investment income	779.5	677.6	724.4
Net realized gains on financial instruments	4.9	157.5	177.0
Other-than-temporary impairment losses on investments:			
Total other-than-temporary impairment losses on investments	(147.1)	(99.9)	(56.2)
Portion of other-than-temporary impairment losses recognized in other comprehensive income	31.7	16.5	7.2
Other-than-temporary impairment losses recognized in income	(115.4)	(83.4)	(49.0)
Total revenues	84,863.0	79,156.5	73,874.1
<b>EXPENSES</b>			
Benefit expense	66,834.4	61,116.9	56,854.9
Selling, general and administrative expense:			
Selling expense	1,391.5	1,441.1	1,490.1
General and administrative expense	11,166.4	11,093.7	10,258.3
Total selling, general and administrative expense	12,557.9	12,534.8	11,748.4
Interest expense	723.0	653.0	600.7
Amortization of other intangible assets	192.3	230.1	220.9
(Gain) loss on extinguishment of debt	—	(9.3)	81.1
Total expenses	80,307.6	74,525.5	69,506.0
<b>Income from continuing operations before income tax expense</b>	<b>4,555.4</b>	<b>4,631.0</b>	<b>4,368.1</b>

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Income tax expense	2,085.6	2,071.0	1,808.0
<b>Income from continuing operations</b>	<b>2,469.8</b>	2,560.0	2,560.1
<b>Income from discontinued operations, net of tax</b>	<b>—</b>	—	9.6
<b>Net income</b>	<b>\$ 2,469.8</b>	\$ 2,560.0	\$ 2,569.7
<b>Basic net income per share:</b>			
Basic—continuing operations	\$ 9.39	\$ 9.73	\$ 9.28
Basic—discontinued operations	—	—	0.03
Basic net income per share	\$ 9.39	\$ 9.73	\$ 9.31
<b>Diluted net income per share:</b>			
Diluted—continuing operations	\$ 9.21	\$ 9.38	\$ 8.96
Diluted—discontinued operations	—	—	0.03
Diluted net income per share	\$ 9.21	\$ 9.38	\$ 8.99
<b>Dividends per share</b>	<b>\$ 2.60</b>	\$ 2.50	\$ 1.75

The information presented above should be read in conjunction with the audited financial statements and accompanying notes included in Anthem's 2016 Annual Report on Form 10-K.

# Consolidated Statements of Comprehensive Income

	Years Ended December 31		
(In millions)	2016	2015	2014
<b>Net income</b>	<b>\$2,469.8</b>	\$2,560.0	\$2,569.7
Other comprehensive income (loss), net of tax:			
Change in net unrealized gains/losses on investments	117.9	(384.3)	118.6
Change in non-credit component of other-than-temporary impairment losses on investments	5.4	(5.6)	(3.9)
Change in net unrealized gains/losses on cash flow hedges	(87.3)	(45.2)	(3.6)
Change in net periodic pension and postretirement costs	(13.4)	(26.0)	(118.1)
Foreign currency translation adjustments	2.1	(3.4)	(4.3)
<b>Other comprehensive income (loss)</b>	<b>24.7</b>	(464.5)	(11.3)
<b>Total comprehensive income</b>	<b>\$2,494.5</b>	\$2,095.5	\$2,558.4

The information presented above should be read in conjunction with the audited financial statements and accompanying notes included in Anthem's 2016 Annual Report on Form 10-K.

# Consolidated Statements of Cash Flows

Years Ended December 31

(Dollars in millions)	2016	2015	2014
<b>OPERATING ACTIVITIES</b>			
Net income	\$ 2,469.8	\$ 2,560.0	\$ 2,569.7
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized gains on financial instruments	(4.9)	(157.5)	(177.0)
Other-than-temporary impairment losses recognized in income	115.4	83.4	49.0
(Gain) loss on extinguishment of debt	—	(9.3)	81.1
Gain on disposal from discontinued operations	—	—	(3.2)
Loss (gain) on disposal of assets	4.5	16.0	(1.7)
Deferred income taxes	126.9	(65.9)	30.7
Amortization, net of accretion	807.8	802.1	744.5
Depreciation expense	104.0	105.8	106.5
Impairment of property and equipment	44.8	1.8	7.9
Share-based compensation	164.6	148.2	168.9
Excess tax benefits from share-based compensation	(53.5)	(95.8)	(46.4)
Changes in operating assets and liabilities:			
Receivables, net	(1,380.5)	(42.9)	(1,899.7)
Other invested assets	(19.4)	5.9	(21.7)
Other assets	(127.7)	33.8	405.5
Policy liabilities	321.7	193.0	1,240.6
Unearned income	(173.6)	33.9	255.1
Accounts payable and accrued expenses	116.6	(219.3)	(14.4)
Other liabilities	605.7	686.4	(7.9)
Income taxes	178.8	41.5	(34.0)
Other, net	(96.5)	(5.1)	(84.2)
<b>Net cash provided by operating activities</b>	<b>3,204.5</b>	<b>4,116.0</b>	<b>3,369.3</b>
<b>INVESTING ACTIVITIES</b>			
Purchases of fixed maturity securities	(10,157.7)	(9,792.0)	(9,613.4)
Proceeds from fixed maturity securities:			
Sales	8,636.0	8,909.2	8,066.0
Maturities, calls and redemptions	1,418.6	1,313.6	1,318.7

(continued)

(continued)

Purchases of equity securities	(1,476.3)	(1,561.4)	(912.0)
Proceeds from sales of equity securities	1,592.8	1,471.1	746.5
Purchases of other invested assets	(433.1)	(505.8)	(205.7)
Proceeds from sales of other invested assets	304.9	85.9	124.7
Changes in collateral and settlement of non-hedging derivatives	(34.5)	(36.5)	(67.4)
Changes in securities lending collateral	222.0	214.4	(545.6)
Purchases of subsidiaries, net of cash acquired	—	(638.9)	—
Proceeds from sale of subsidiary, net of cash sold	—	—	740.0
Purchases of property and equipment	(583.6)	(638.2)	(714.6)
Proceeds from sales of property and equipment	—	35.3	88.0
Other, net	(3.0)	(8.2)	(0.1)
<b>Net cash used in investing activities</b>	<b>(513.9)</b>	<b>(1,151.5)</b>	<b>(974.9)</b>
<b>FINANCING ACTIVITIES</b>			
Net (repayments of) proceeds from commercial paper borrowings	(53.2)	682.2	(379.2)
Proceeds from long-term borrowings	—	1,226.5	2,700.0
Repayments of long-term borrowings	—	(2,697.2)	(1,730.1)
Proceeds from short-term borrowings	2,400.0	2,760.0	2,050.0
Repayments of short-term borrowings	(2,500.0)	(2,620.0)	(2,050.0)
Changes in securities lending payable	(222.0)	(214.4)	545.6
Changes in bank overdrafts	513.8	(243.8)	173.0
Premiums paid on equity call options	—	(16.7)	—
Proceeds from sale of put options	—	16.6	—
Repurchase and retirement of common stock	—	(1,515.8)	(2,998.8)
Change in collateral and settlements of debt-related derivatives	(360.4)	—	—
Cash dividends	(684.0)	(656.6)	(480.7)
Proceeds from issuance of common stock under employee stock plans	119.4	186.0	301.3
Excess tax benefits from share-based compensation	53.5	95.8	46.4
<b>Net cash used in financing activities</b>	<b>(732.9)</b>	<b>(2,997.4)</b>	<b>(1,822.5)</b>
<b>Effect of foreign exchange rates on cash and cash equivalents</b>	<b>4.1</b>	<b>(5.3)</b>	<b>(7.1)</b>
Change in cash and cash equivalents	1,961.8	(38.2)	564.8
Cash and cash equivalents at beginning of year	2,113.5	2,151.7	1,586.9
<b>Cash and cash equivalents at end of year</b>	<b>\$ 4,075.3</b>	<b>\$ 2,113.5</b>	<b>\$ 2,151.7</b>

The information presented above should be read in conjunction with the audited financial statements and accompanying notes included in Anthem's 2016 Annual Report on Form 10-K.



# Common Stock

Our common stock, par value \$0.01 per share, is listed on the NYSE under the symbol “ANTM.” The following table presents high and low sales prices for our common stock on the NYSE for the periods indicated.

	High	Low
<b>2016</b>		
First Quarter	<b>\$144.69</b>	\$115.63
Second Quarter	<b>148.00</b>	122.91
Third Quarter	<b>143.18</b>	122.52
Fourth Quarter	<b>148.26</b>	114.85
<b>2015</b>		
First Quarter	<b>\$160.64</b>	\$122.86
Second Quarter	<b>173.59</b>	148.29
Third Quarter	<b>165.93</b>	134.62
Fourth Quarter	<b>149.87</b>	126.25

# Corporate Information

Anthem is working to transform health care with trusted and caring solutions. Our health plan companies deliver quality products and services that give their members access to the care they need. With over 73 million people served by its affiliated companies, including approximately 40 million within its family of health plans, Anthem is one of the nation's leading health benefits companies. For more information about Anthem's family of companies, please visit [www.AnthemInc.com/companies](http://www.AnthemInc.com/companies).

We're an independent licensee of the Blue Cross Blue Shield Association. Anthem companies serve members as the Blue Cross licensee for California; and as the Blue Cross and Blue Shield licensee for Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, New York (as the Blue Cross Blue Shield licensee in 10 New York City metropolitan and surrounding counties and as the Blue Cross or Blue Cross Blue Shield licensee in selected upstate counties only), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.), and Wisconsin. In most of these service areas, our plans do business as Anthem Blue Cross, Anthem Blue Cross and Blue Shield, Blue Cross and Blue Shield of Georgia and Empire Blue Cross Blue Shield, or Empire Blue Cross (in the New York service areas). Anthem, Inc. subsidiaries Amerigroup, CareMore and Simply Healthcare also serve consumers in various states across the country.

Additional information about Anthem, Inc. is available at [www.AnthemInc.com](http://www.AnthemInc.com).

## Corporate Headquarters

Anthem, Inc.  
120 Monument Circle  
Indianapolis, Indiana 46204-4903  
[www.AnthemInc.com](http://www.AnthemInc.com)

## Account Questions

Our transfer agent, Computershare, can help you with a variety of shareholder-related services, including:

- Change of address
- Transfer of stock to another person
- Lost stock certificates
- Additional administrative services

Please include your name, address and telephone number or e-mail address with all correspondence.

## Account Questions

You can call Computershare toll-free at: (866) 299-9628 Monday through Friday, excluding holidays, from 8:30 a.m. to 6 p.m. Eastern Time.

Written correspondence can be sent to:  
Anthem Shareholder Services  
c/o Computershare Trust Company, N.A.  
P.O. Box 43037  
Providence, Rhode Island 02940-3037

E-mail correspondence can be sent to [Antheminc@computershare.com](mailto:Antheminc@computershare.com).

# Executive Leadership

## Joseph R. Swedish

Chairman, President and  
Chief Executive Officer

## John E. Gallina

Executive Vice President and  
Chief Financial Officer

## Brian Griffin

Executive Vice President, President,  
Commercial and Specialty Business Division

## Peter D. Haytaian

Executive Vice President, President,  
Government Business Division

## Gloria McCarthy

Executive Vice President and  
Chief Administrative Officer

## Craig Samitt, M.D.

Executive Vice President and  
Chief Clinical Officer

## Thomas C. Zielinski

Executive Vice President and  
General Counsel

# Board of Directors

## Joseph R. Swedish<sup>1, 6</sup>

Chairman of the Board, President and  
Chief Executive Officer, Anthem, Inc.

## R. Kerry Clark<sup>3, 4, 7</sup>

Former Chairman and Chief Executive Officer,  
Cardinal Health, Inc.

## Robert L. Dixon, Jr.<sup>3, 5, 7</sup>

Former Global Chief Information Officer and  
Senior Vice President, PepsiCo, Inc.

## Lewis Hay, III<sup>3, 5, 6</sup>

Former Chairman and CEO, NextEra Energy, Inc.

## Julie A. Hill<sup>3, 4, 7</sup>

Owner of The Hill Company

## Ramiro G. Peru<sup>3, 4, 6</sup>

Former Executive Vice President and Chief Financial  
Officer, Phelps Dodge Corporation

## William J. Ryan<sup>3, 5, 7</sup>

Former Chairman and President, TD Banknorth Inc.

## George A. Schaefer, Jr.<sup>2, 3, 4, 5, 6, 7</sup>

Former Chairman and CEO, Fifth Third Bank

## Elizabeth E. Tallett<sup>3, 5, 6, 7</sup>

Former Principal, Hunter & Partners LLC

<sup>1</sup> Chairman of the Board

<sup>2</sup> Lead Director

<sup>3</sup> Independent Director

<sup>4</sup> Audit Committee

<sup>5</sup> Compensation Committee

<sup>6</sup> Executive Committee

<sup>7</sup> Governance Committee