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ARIZONA CORPORATION COMMISSION

July 18, 2001

Jason D. Kimpel, Esq.  
Baker & Daniels  
Suite 2700  
300 North Meridian Street  
Indianapolis, Indiana 46204-1782

RE: Anthem Insurance Companies, Inc.  
A.R.S. § 44-1844(A)(6)

Dear Mr. Kimpel:

On the basis of the facts set forth in your letters of May 30, and June 26, 2001, and in reliance upon your opinion as counsel, the Securities Division will not recommend enforcement action for violation of the Securities Act of Arizona should the conversion from a mutual insurance company to a stock insurance company take place as set forth in your letter.

This position is premised upon the facts set forth in your letter and the legal analysis pertaining to the availability of the exemption provided under A.R.S. § 44-1844(A)(6). It should not be relied on for any other set of facts or by any other person. Please also note that this position applies only to the registration requirements of the Act; the antifraud provisions of the Act continue to be applicable.

We have attached a photocopy of your letter containing the facts upon which this position is based.

Very truly yours,

A handwritten signature in cursive script that reads "Mark Sendrow".

MARK SENDROW  
Director of Securities

MS:ctf  
Attachment

**BAKER & DANIELS**  
EST. 1863

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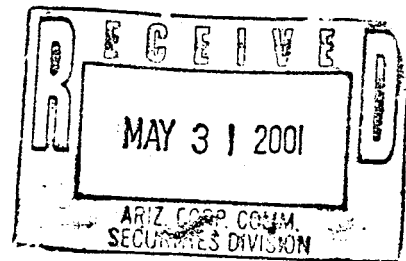
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INDIANAPOLIS  
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CONFIDENTIAL TREATMENT REQUESTED  
BY ANTHEM INSURANCE

May 30, 2001

Mr. W. Mark Sendrow  
Director  
Securities Division  
1300 W. Washington Street, Third Floor  
Phoenix, AZ 85007



Re: Proposed Demutualization of Anthem Insurance Companies, Inc.

Dear Sir:

We are counsel to Anthem Insurance Companies, Inc., a mutual insurance company organized under the laws of the State of Indiana ("Anthem Insurance"), in connection with Anthem Insurance's proposed conversion from a mutual insurance company to a stock insurance company. This process, described in greater detail below, is referred to as the "Demutualization."

We are writing on behalf of Anthem Insurance to request your confirmation that, based upon the facts and representations below, dealer and/or salesman registration is not required of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers (each as defined below) in your jurisdiction in connection with the distribution of Anthem, Inc. common stock (the "Common Stock") to Eligible Statutory Members (as defined below). The Common Stock of Anthem, Inc. (the proposed new holding company of Anthem Insurance, as described below) to be distributed to Eligible Statutory Members in the Demutualization will not be registered under the Securities Act of 1933, as amended (the "Securities Act") in reliance on the exemption under Section 3(a)(10) thereof.

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In connection with the Demutualization, Anthem, Inc. will apply for listing of the Common Stock for trading on the New York Stock Exchange ("NYSE") and will register the Common Stock under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Anthem, Inc. also intends to conduct a registered, underwritten initial public offering of Common Stock (the "IPO"), which it expects to close concurrently with the Demutualization.

## **Background**

### *A. Anthem Insurance*

Anthem Insurance (together with its subsidiaries, "Anthem") is an Indiana mutual insurance company headquartered in Indianapolis, Indiana. Anthem is one of the nation's largest health benefits companies, providing health care coverage or services to over seven million customers primarily in Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Maine, Colorado and Nevada. Anthem Insurance is an independent licensee of the Blue Cross® Blue Shield® Association (BCBSA) and offers, directly or through subsidiaries, BCBSA branded products to its customers (sometimes referred to as "members"<sup>1</sup>) in each of those states.

As a mutual insurance company, Anthem Insurance has no authorized, issued or outstanding capital stock. In general, Anthem Insurance's policyholders and certificate holders acquire health care benefits coverage and certain membership rights ("Membership Interests") in Anthem Insurance through the purchase of health care benefits. The Membership Interests consist principally of the voting rights of Anthem Insurance's Statutory Members as provided by law and Anthem Insurance's Articles of Incorporation and Bylaws, and the rights of Anthem Insurance's Eligible Statutory Members to receive cash, stock or other consideration in the event of Anthem Insurance's demutualization or dissolution. "Statutory Members" are holders of at least one policy or certificate of membership issued by Anthem Insurance and who have voting and equity rights in Anthem Insurance.

Anthem employs Internal Sales Forces (the "ISFs") each of which are designated to offer and service products within a given geographic region. The ISFs are employees of Anthem and are headed by sales Vice Presidents. The ISFs also maintain, manage and oversee contractual relationships with insurance brokers (the "Insurance Brokers") who offer Anthem products to consumers.

### *B. The Proposed Demutualization*

In accordance with Title 27, Article 15 of the Indiana Code (the "Indiana Demutualization Law"), Anthem Insurance proposes to convert from a mutual insurance company into a stock insurance company. The Demutualization will be effected through the following series of transactions:

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<sup>1</sup> The term "members" refers to all Anthem Insurance customers, policyholders or certificate holders, including "Statutory Members" (those members with voting and equity rights in Anthem Insurance).

- (1) Anthem Insurance will convert to and become a stock insurance company under the Indiana Demutualization Law, and will issue all of its outstanding capital stock to Anthem, Inc. (an Indiana corporation that will be formed prior to the Demutualization as a wholly-owned subsidiary of Anthem Insurance);
- (2) Anthem, Inc. will distribute the Consideration (defined below) to Anthem Insurance's Eligible Statutory Members (defined below) in accordance with the Plan in exchange for the extinguishing of their Membership Interests in Anthem Insurance; and
- (3) the capital stock of Anthem, Inc. owned by Anthem Insurance will be cancelled and cease to exist.

As a result of these transactions, Anthem, Inc. will become the "Parent Company" of Anthem Insurance, as such is described in the Indiana Demutualization Law (Ind. Code 27-15-1-11 and 27-15-16-1).

In general, "Eligible Statutory Members" are those persons who (1) are Statutory Members of Anthem Insurance on the Adoption Date (defined below) and continue to be Statutory Members of Anthem Insurance on the date all prerequisites to the Demutualization are satisfied and the Articles Amendment (defined below) becomes effective (the "Effective Date") and (2) have had continuous health care benefits coverage with the same company (Anthem Insurance or certain of its subsidiaries) during the period between the Adoption Date and the Effective Date without a break in coverage of more than one day.

The Demutualization is conditioned upon the occurrence of certain events, including:

- (1) the adoption, by Anthem Insurance's Board of Directors (the "Board"), of resolutions proposing the Plan and the amendment of Anthem Insurance's Articles of Incorporation (the "Articles Amendment"), in accordance with Ind. Code 27-15-2-1 (the date of such Board adoption being hereinafter referred to as the "Adoption Date");
- (2) the approval by the Indiana Insurance Commissioner (the "Commissioner") of Anthem Insurance's Application for Approval of the Plan (including the Articles Amendment) after a public hearing, as required by Ind. Code 27-15-4-1 et seq.;
- (3) the approval of the Plan and Articles Amendment by at least two-thirds (2/3) of Anthem Insurance's Statutory Members who vote at the meeting of Statutory Members as required by the Indiana Demutualization Law (the "Special Meeting") at which at least 10% of the Voting Members (as defined below) must be represented in person or by proxy, pursuant to Ind. Code 27-15-5-1 et seq.; and

- (4) the satisfaction of all other conditions set forth in the Plan (including the completion of the IPO) and the applicable conditions set forth in the Indiana Demutualization Law.

Anthem Insurance anticipates that the Board will adopt resolutions proposing the Plan and Articles Amendment on or about June 18, 2001. Once the Board has adopted the required resolutions, Anthem Insurance will submit, on or about June 22, 2001, its Application for Approval of the Plan (which will include the Plan and Articles Amendment) to the Commissioner in accordance with the Indiana Demutualization Law (Ind. Code 27-15-3-1). The Commissioner must, after determining that Anthem Insurance's Application for Approval is complete, designate a date for a public hearing (the "Hearing") to receive comments and information to aid the Commissioner in considering and approving or disapproving the Application for Approval (Ind. Code 27-15-4-1). Anthem Insurance must provide prior written notice of the Hearing to its Statutory Members and other policyholders, and must publish prior notice of the Hearing (Ind. Code 27-15-4-4). Anthem Insurance's members and the general public will be invited to appear and will have the right to be heard at the Hearing. Under the Indiana Demutualization Law, the Plan may not take effect unless and until, after the Hearing, the Commissioner makes the findings required for her to approve the Plan. Two of the findings the Commissioner must make in order to approve the Plan are that (1) the amount and form of consideration provided to the Eligible Statutory Members is fair in the aggregate and to each member class, and (2) the Plan and Articles Amendment are fair, reasonable and equitable to the Eligible Statutory Members (Ind. Code 27-15-4-8). In connection with her review of the Plan, the Commissioner has retained outside legal, actuarial, financial and other advisors, as authorized by Ind. Code 27-15-16-3. Anthem Insurance anticipates that the Hearing will occur in mid to late September, 2001 and that members will be notified of the Hearing in August, 2001.

In addition, the Plan and Articles Amendment must be submitted to, and may not take effect until approved by, the Statutory Members of Anthem Insurance entitled to vote thereon ("Voting Members") at a vote that will take place at the Special Meeting (the "Vote"). Under the Plan, the Voting Members will be those persons who were Statutory Members of Anthem Insurance on the Adoption Date (which is also the record date for the meeting). Each Voting Member may cast only one vote, regardless of the number of policies owned (Ind. Code 27-15-5-5) and may vote by proxy in accordance with the Indiana Demutualization Law (Ind. Code 27-15-5-6). The Plan and Articles Amendment will be approved by the Voting Members if two-thirds (2/3) of the votes cast at the Special Meeting (at which at least 10% of the Voting Members must be represented in person or by proxy) are in favor of the Plan and Articles Amendment (Ind. Code 27-15-5-7).

The Indiana Demutualization Law requires that Anthem Insurance provide each Voting Member notice of the date and place of the Special Meeting in a form and content approved by the Commissioner (Ind. Code 27-15-5-3). Among other things, the notice of the Special Meeting must be accompanied by a copy of the Plan and an information statement that will include a description of the Plan and the Consideration (defined below), voting information and instructions and other related information (the "Member Information Statement"). The

Member Information Statement will also solicit the votes of Voting Members on the adoption of the Plan and the Articles Amendment at the Special Meeting. Anthem Insurance anticipates that the Member Information Statement will include information regarding Anthem Insurance and the proposed Demutualization that is substantially similar to that included in the Form S-1 Registration Statement that will be filed with the Securities and Exchange Commission in connection with the IPO. Anthem Insurance expects to mail the Member Information Statement to the Voting Members in mid August, 2001.

Eligible Statutory Members will receive consideration in the form of cash or Common Stock (the "Consideration"). Irrespective of the form of consideration received, the Plan provides that each Eligible Statutory Member will receive consideration equal to the value of a number of shares of Common Stock that have been allocated as a result of the Membership Interests of that Eligible Statutory Member. Under the Plan, Eligible Statutory Members that have elected to receive Common Stock will receive Common Stock. Eligible Statutory Members that did not elect to receive Common Stock will receive cash, with those Eligible Statutory Members having the smallest share allocations receiving cash first. Once the available amount of cash is exhausted, the remaining Eligible Statutory Members will receive Common Stock.<sup>2</sup>

The Demutualization has been structured to conform to a number of published and private letter rulings issued by the Internal Revenue Service under the Internal Revenue Code of 1986, as amended (the "Code"), so that it will be a tax-free transaction within the meaning of Sections 351 and 368 of the Code. The Common Stock will be registered under the Exchange Act, and Anthem Insurance and Anthem, Inc. will take steps (including listing the Common Stock for trading on the NYSE) to assure that an active public trading market for the Common Stock will develop within a reasonable amount of time after the Effective Date.

On the Effective Date, Anthem, Inc. will sell shares of Common Stock in the IPO. A portion of the net proceeds from the IPO will be used for cash payments made to Eligible Statutory Members under the Plan and the balance will be used for general corporate purposes, including working capital and potential acquisitions.

### C. *Informational Activities*

The Member Information Statement will be the Voting Members' primary source of information regarding the Demutualization. The Member Information Statement will inform Voting Members that they may, to the extent that they have additional questions, call a toll-free call center that Anthem Insurance intends to establish as the primary contact for Statutory Members' questions concerning the Demutualization. Although Anthem Insurance intends for all Statutory Member questions regarding the Demutualization to be directed to the call center, there may be situations where the other groups described below will or may also provide information related to the Demutualization on behalf of Anthem Insurance. These groups include (1) certain of the officers, directors and employees of Anthem (collectively, the "Associates") and (2) the

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<sup>2</sup> The Plan provides for the possibility that certain situations (for example, in the case of members residing abroad) will require that some Eligible Statutory Members receive cash notwithstanding any election of Common Stock.

ISF and the Insurance Brokers. With the exception of the personnel of the call center (the "Call Center Personnel"), none of the persons in these groups will be compensated, directly or indirectly, for their efforts in connection with the activities described herein. The activities of the Call Center Personnel, the Associates, the ISFs and the Insurance Brokers will consist of the following:

*The Call Center Personnel.* Because of the large number of Statutory Members and the expected volume of questions therefrom relating to the Demutualization, Anthem Insurance has arranged for the institution that will act as the transfer agent for the Common Stock (the "Information Agent") to provide and staff the toll-free call center. (The Information Agent will be EquiServe Trust Company, N.A., a "bank" as defined in Section 3(a)(6) of the Exchange Act.) The Member Information Statement will reference a toll-free telephone number that Statutory Members will be encouraged to call if they have questions. Anthem Insurance has contracted with the Information Agent to provide the Call Center Personnel to respond to these calls. The Call Center Personnel will make no unsolicited calls to Statutory Members. The Information Agent may employ the Call Center Personnel specifically to perform the call center function; however, the Call Center Personnel's compensation will be on a flat hourly basis that is not determined with regard to votes or elections made by Voting Members.

Call Center Personnel will be educated by Anthem Insurance about the Demutualization, and instructed to (1) answer questions Voting Members may have in connection with the notice of the Hearing, the notice of the Special Meeting, the Member Information Statement, the mechanics of the Plan or the Special Meeting; (2) discuss the Demutualization with Voting Members; and (3) confirm, in response to appropriate inquiries from Voting Members, that the Board has approved the Plan and Articles Amendment, and that the Member Information Statement contains the recommendation of the Board that Voting Members vote to approve the Plan and Articles Amendment. Anthem Insurance expects that the Call Center Personnel will respond to questions that do not require the specific attention of the Associates (in situations described below). Anthem Insurance does not intend to engage the Information Agent or Call Center Personnel to actively solicit proxies from Voting Members. However, Anthem Insurance may engage the Information Agent to mail a reminder postcard regarding the Special Meeting to Voting Members who have not yet returned a proxy card. In addition, the Call Center Personnel will be subject to the Additional Limitations (defined below).

*The Associates.* The informational activities of the Associates will consist of answering certain questions members may have about the Demutualization and discussing the conversion of Anthem Insurance when necessary. Associates will not initiate contact with Voting Members about the Demutualization, will not contact Voting Members to ask if they received notice of the Special Meeting, will not actively seek to solicit proxies for the Special Meeting (other than by distribution of the Member Information Statement as described above), and will not handle customer funds or securities. In addition, the Associates' activities will be subject to the Additional Limitations and will be supervised.

Member questions regarding the Demutualization that are initially directed to the telephone numbers provided by Anthem for customer use in the general course of business will be directed to the call center. If the call center cannot answer a question (either because it relates to a record-keeping issue or because it involves more complicated issues) the call center will transfer the call to one of the designated Associates. ("Record-keeping" questions may involve issues such as an incorrect name or address referenced in the materials mailed with the notice of the Special Meeting; "more complicated issues" may involve fact-specific questions regarding the impact of actions taken by a member on his or her eligibility to participate in the Demutualization.) Anthem Insurance intends to designate certain persons to research these types of questions and provide members with answers within a target of 24 hours.

*The ISFs and the Insurance Brokers.* In spite of the fact that the ISFs and the Insurance Brokers will be instructed to refer member questions regarding the Demutualization to the call center, Anthem Insurance anticipates that they may, on their own initiative or in response to members, answer members' questions related to the Member Information Statement, the Plan, the Hearing or the Vote. For informational purposes (and not in furtherance of their providing information to members), the ISFs and the Insurance Brokers will receive periodic updates and information on the status of the Demutualization, including copies of the Member Information Statement. None of the ISFs or Insurance Brokers will handle customer funds or securities. In addition, the activities of the ISFs and Insurance Brokers will be subject to the Additional Limitations and will be supervised, and the ISFs will monitor the activities of the Insurance Brokers.

The ISFs and the Insurance Brokers will be directed to limit any discussions about the Demutualization in the same manner as the Call Center Personnel and Associates. Anthem Insurance will communicate these restrictions to the ISFs and the Insurance Brokers through (1) official company publications and (2) written communications to designated management personnel for the ISFs and the Insurance Brokers. These designated management personnel will be responsible for supervising the ISFs and the Insurance Brokers' compliance with these restrictions. In addition, for informational purposes Anthem Insurance will designate persons to assist the ISFs and the Insurance Brokers with inquiries related to the Demutualization, and provide special training to such persons about issues related to the Demutualization, including adherence to the above restrictions.

During the period prior to the Demutualization, including during the period when Voting Members will be asked to vote on the Plan, the ISFs and the Insurance Brokers will go about their normal activities, including soliciting prospective purchasers of health care benefits and coverage, subject to the restrictions set forth above. Anthem Insurance anticipates that such solicitations may well include detailed factual responses to the concerns of existing and prospective policyholders regarding Anthem Insurance's financial condition, as well as discussion of the effects that the Demutualization and the IPO may have on Anthem Insurance.



*Additional Limitations.* The Call Center Personnel, Associates, ISFs and Insurance Brokers will be specifically instructed, in writing and through other procedures to be implemented by Anthem Insurance, to refrain from:

- (1) using written materials other than the Member Information Statement or other materials prepared by Anthem Insurance for use in connection with the Special Meeting or making any revisions to such materials;
- (2) making any statements not derived from the Member Information Statement or other materials approved by Anthem Insurance for use in connection with the vote on the Demutualization;
- (3) offering advice to Voting Members regarding whether or not to express a preference to receive Common Stock rather than cash pursuant to the Plan;
- (4) advising Voting Members on how to vote on the Demutualization, other than confirming that the Board has voted to approve the Demutualization and has recommended that it be approved by the Voting Members;
- (5) discussing the potential market value of the Common Stock;
- (6) providing financial advice about, or recommending or soliciting purchases of, the Common Stock; and
- (7) discussing with Voting Members their personal plans to invest or not invest in the Common Stock.

The Information Agent will communicate these restrictions to Call Center Personnel through special training classes, in writing as part of the training materials for the Call Center Personnel and by other means.

### **Discussion**

For the reasons set forth below, we believe that a no-action letter is appropriate because we believe that registration of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers as dealers and/or salesmen is not required in your jurisdiction with respect to the foregoing activities. We believe that the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers will not fall within the definition of either a "dealer" or a "salesman" as defined by the Securities Act of Arizona (the "Act"), as discussed in the following two paragraphs. Even if the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers were deemed to be a "dealer" or a "salesman," we believe that they would be excluded from the definitions or exempted from registration as a "dealer" or a "salesman" pursuant to the Act, as discussed in the remainder of this section.

We believe that the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers, if they were to handle inquiries from members regarding the Plan, will not, in

any event, be "offering, buying, selling or otherwise dealing or trading in securities" for the purposes of Section 44-1801(9) of the Act, or "sell[ing]" for the purposes of Section 44-1801(22) of the Act. The primary function of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers will be to help members (voting and non-voting) understand the Plan and the consequences of the Demutualization, if needed. None of the Associates, the ISFs, the Call Center Personnel or the Insurance Brokers will be permitted to advise Voting Members on how to vote on the Demutualization (other than confirming that the Board has voted to approve the Demutualization and has recommended that it be approved by the Voting Members). None of the Associates, the ISFs, the Call Center Personnel or the Insurance Brokers will receive any compensation in connection with their activities related to the Vote. Although the Call Center Personnel have been employed to perform the Call Center function, their compensation does not depend upon the votes or elections made by the Voting Members. In addition, the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers will not be in a position to handle customer funds or securities. As described above, the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers will receive specific instructions from Anthem Insurance as to the permissible scope and content of their activities, and will, in fact, be directed to limit any discussion about the Demutualization to statements which can be found in, or derived from, the Member Information Statement or other related approved materials. In effect, the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers will be mere conduits of public information about the Plan and the Demutualization between Anthem Insurance and Voting Members for purposes of a vote of corporate reorganization, and will not be "offering, buying, selling, or otherwise dealing or trading" in securities.

Additionally, none of the Associates, the ISFs, the Call Center Personnel or the Insurance Brokers will be "engag[ed] full-time or part-time . . . as agent, broker, or principal in the business" of effecting securities transactions within the meaning of Section 44-1801(9)(a) of the Act by virtue of communicating with members. None of the Associates, the ISFs, the Call Center Personnel or the Insurance Brokers will be permitted to advise Voting Members on how to vote on the Demutualization (other than confirming that the Board has voted to approve the Demutualization and has recommended that it be approved by the Voting Members), and therefore they will not be engaging in the business of soliciting or effecting securities transactions. In addition, the phrase "engaged in the business" "connotes a certain regularity of participation in purchasing and selling activities rather than a few isolated transactions."<sup>3</sup> Anthem Insurance's conversion from a mutual insurance company to a stock insurance company and the activities of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers in connection therewith are, by their very nature, one-time, nonrecurring events. As described above, the primary function of the Call Center is to answer basic questions regarding the Demutualization. Moreover, the Associates and the ISFs have not been hired for the purpose of communicating with members in connection with the Demutualization, but generally have other substantial, full-time duties at Anthem Insurance unrelated to the Demutualization or the sale of securities. The Insurance Brokers also have not been hired to communicate with the Voting Members regarding the Demutualization, have been generally associated with Anthem Insurance and the ISFs for many years, and each have substantial, full-time duties promoting

<sup>3</sup> Loss, Fundamentals of Securities Regulation (1988) 604.

sales of Anthem Insurance's products, coordinating customer claims and maintaining favorable customer relationships - activities which are not related to the sale of securities.

Third, we believe that registration of the Associates, the ISFs, the Call Center Personnel or the Insurance Brokers as dealers or salesmen is not required in your jurisdiction with respect to the foregoing activities since the Demutualization is similar to, and within the intent of, one or more of the transactions referred to in Section 44-1844(A)(6) of the Act, which provides a transactional exemption from securities registration for "any transaction or series of transactions incident to a statutory or judicially approved reorganization, merger, triangular merger, consolidation, or sale of assets, incident to a vote of security holders pursuant to . . ." the relevant controlling statutes. Because this section exempts dealers and salesmen from the registration requirements under Section 44-1842 of the Act in such transactions, we believe the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers are exempt from registration as a dealer or a salesman. The Demutualization is a statutory reorganization under the Indiana Demutualization Law. The Indiana Demutualization Law requires that, in addition to the approval of the Commissioner, the Plan must be approved by the Statutory Members of Anthem Insurance. In the Demutualization, Anthem Insurance will become a wholly-owned subsidiary of Anthem, Inc., which we believe is similar to a merger or consolidation of two entities or the reclassification of Anthem Insurance in consideration of the issuance of Common Stock within the intent of the transaction exempted by Section 44-1844(A)(6) of the Act. We also note that the insurance industry, and the demutualization process in particular, are highly regulated under Indiana's insurance laws. Voting Members have the opportunity to appear at a public hearing held by the Commissioner regarding the Plan, and Voting Members have the right to vote on the Plan at the Special Meeting. The Commissioner must approve the Plan, which is thereafter subject to potential judicial review.

In addition, with respect to the Call Center Personnel alone, they are employees of the Information Agent and personnel of third parties who are subcontracted by the Information Agent, which is a "bank" as defined in Section 3(a)(6) of the Exchange Act. Anthem Insurance understands from the Information Agent that subcontracted personnel are supervised in the performance of their duties by the Information Agent in the same manner as employees of the Information Agent. Therefore, we believe the Call Center Personnel would not be deemed to be a "dealer" pursuant to Section 44-1801(9)(a) of the Act.

Finally, Section 306 of the Gramm-Leach-Bliley Act (15 U.S.C.A. § 6715) provides in part that "...no State may, by law, regulation, order, interpretation, or otherwise...prevent, significantly interfere with, or have the authority to review, approve, or disapprove a plan of reorganization by which an insurer proposes to reorganize from mutual form to become a stock insurer (whether as a direct or indirect subsidiary of a mutual holding company or otherwise) unless such State is the State of domicile of the insurer." If the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers were required to register as dealers and/or salesmen in your jurisdiction, it would significantly interfere with the ability of Anthem Insurance to provide information regarding the Plan and the Demutualization to its members. Further, because, as a practical matter, it would not be feasible to comply with such a registration requirement, it would result in the Eligible Statutory Members located in your jurisdiction

receiving only cash, and no Common Stock, as consideration for the extinguishment of their Membership Interests. Therefore, the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers should not be required to register as a dealer and/or a salesman in your jurisdiction because of Section 306 of the Gramm-Leach-Bliley Act.

Based on the foregoing, we believe a no-action letter is appropriate and request your confirmation, or your no-action position to the effect, that dealer and/or salesman registration is not required of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers in your jurisdiction in connection with the distribution of Anthem, Inc. Common Stock to Eligible Statutory Members if the Demutualization occurs in the manner described above. For your convenience, we note your prior published No Action Letter under similar circumstances dated May 25, 1994 (Exempt request—Conversion of mutual fund life insurance company into stock life insurance company and issuance of common stock).

We believe that there would be no resulting adverse effect on the public interest from the granting of this no-action request. The informational activities of the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers do not constitute offering, buying, selling, dealing or trading in securities for which the protection of the public through registration of such persons is necessary. On the contrary, such activities will benefit the public interest in that information about the Plan and the Demutualization will be more accessible and more easily disseminated to the Eligible Statutory Members. Moreover, as stated above, it would not be feasible for the Associates, the ISFs, the Call Center Personnel and the Insurance Brokers to comply with such registration requirements. If this no-action request is not granted, the result would be that the Eligible Statutory Members located in your jurisdiction would receive only cash, and no Common Stock, as consideration for the extinguishment of their Membership Interests.

On behalf of Anthem Insurance we certify that, to our knowledge: (A) the transaction described in this letter is not directly or indirectly the subject of any pending or final judicial, SRO or administrative proceeding; and (B) the transaction described has not been commenced. The present status of this transaction is described above under "Background—B. The Proposed Demutualization."

As required by Section 44-1861(M) of the Act, we have enclosed a check in the amount of two hundred dollars (\$200) to cover the fee associated with this request. We respectfully request confidential treatment of this letter and any future correspondence relating to this letter. Pending approval of the proposed Plan by Anthem Insurance's Board of Directors and public availability of the Plan upon filing with the Commissioner, the proposed Plan is not intended to be made public. Anthem Insurance believes that publication or release of the type of information disclosed in this letter prior to approval of the Plan by the Board and the public filing of the Plan with the Commissioner would, among other things, have an adverse effect on the insurance regulatory process and would be detrimental to the business of Anthem Insurance. We have already been granted confidential treatment by, and have been operating on a confidential

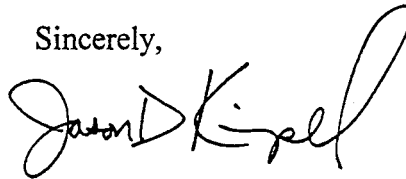
May 30, 2001

basis with, the Securities and Exchange Commission with respect to our submission of Anthem, Inc.'s draft of the Registration Statement on Form S-1.

Because of the importance of the Demutualization to Anthem Insurance, we would appreciate hearing from you at your earliest convenience within 30 days of your receipt of this letter.

Kindly acknowledge receipt of this letter by stamping the enclosed copy of this letter with your usual form of receipt acknowledgment and returning it in the enclosed postage-paid envelope. If you have any questions, please call me at (317) 237-1172 or, in my absence, Christine Graffis Long of this office at (317) 237-1114 or James A. Aschleman of this office at (317) 237-1131.

Sincerely,

A handwritten signature in black ink that reads "Jason D. Kimpel". The signature is written in a cursive style with a large, looping initial "J".

Jason D. Kimpel

JDK/je

# BAKER & DANIELS

EST. 1863

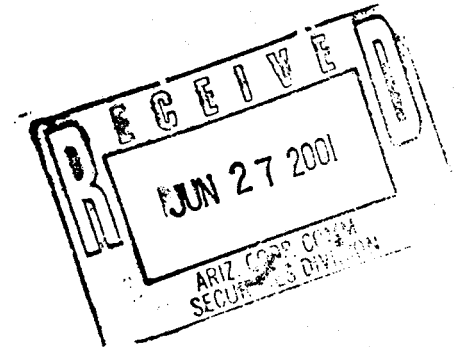
300 NORTH MERIDIAN STREET, SUITE 2700 · INDIANAPOLIS, INDIANA 46204-1782 · (317) 237-0300 · FAX (317) 237-1000 · www.bakerdaniels.com

JASON D. KIMPEL  
DIRECT (317) 237-1172  
e-mail: jdkimpel@bakerd.com

INDIANAPOLIS  
FORT WAYNE  
SOUTH BEND  
ELKHART  
WASHINGTON, D.C.  
QINGDAO, P.R. CHINA

June 26, 2001

Sharleen A. Day  
Associate General Counsel  
Securities Division  
1300 West Washington Street  
3<sup>rd</sup> Floor  
Phoenix, AZ 85007



Re: Proposed Demutualization of Anthem Insurance Companies, Inc.  
Acknowledgment that no-action request may be treated as public  
information

Dear Ms. Day:

We are counsel to Anthem Insurance Companies, Inc., a mutual insurance company organized under the laws of the State of Indiana ("Anthem Insurance"), in connection with Anthem Insurance's proposed conversion from a mutual insurance company to a stock insurance company. On behalf of Anthem Insurance, we submitted a no-action request in writing dated May 30, 2001, which included the proper filing fee pursuant to Section 44-1861 of the Securities Act of Arizona (the "Act"). In our no-action request letter dated May 30, 2001, we requested confidential treatment of such letter and any future correspondence relating thereto. However, we no longer request confidential treatment of our no-action request letter because the Plan of Conversion has been approved by Anthem Insurance's Board of Directors and has been filed with the Indiana Department of Insurance.

Therefore, in accordance with Section 44-1826 of the Act, on behalf of Anthem Insurance we acknowledge that the no-action request letter dated May 30, 2001, together with any documents or other information submitted therewith and any response from the Division, is public information that may be released for publication, except as otherwise provided by law.

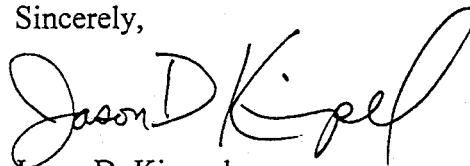
Ms. Sharleen A. Day

-2-

June 26, 2001

Kindly acknowledge receipt of this letter by stamping the enclosed copy of this letter with your usual form of receipt acknowledgment and returning it in the enclosed postage-paid envelope. If you have any questions regarding this letter or our no-action request letter, please call me at 317-237-1172 or, in my absence, Christine Graffis Long of this office at 317-237-1114, or James A. Aschleman of this office at 317-237-1131.

Sincerely,

A handwritten signature in black ink that reads "Jason D. Kimpel". The signature is written in a cursive style with a large, looping "K" and "P".

Jason D. Kimpel

JDK/chj  
Enclosures