

ANTHEM INC
Form DEF 14A
April 07, 2004

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to Section 240.14a-12

Anthem, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

April 16, 2004

To Our Shareholders:

The Board of Directors joins me in extending to you a cordial invitation to attend the 2004 Annual Meeting of Shareholders of Anthem, Inc. The meeting will be held at Anthem, Inc.'s principal executive offices at 120 Monument Circle, Indianapolis, Indiana, at 11:00 a.m. Indianapolis time on Monday, May 17, 2004.

In addition to voting on the matters described in this Proxy Statement, we will review the Company's 2003 business results and discuss our plans for 2004 and beyond. There will be an opportunity to discuss matters of interest to you as a shareholder.

We hope many of our shareholders will find it convenient to be present at the meeting, and we look forward to greeting those personally able to attend. If you are unable to attend, it is still important that your shares be represented and voted. **THEREFORE, REGARDLESS OF THE NUMBER OF SHARES YOU OWN, PLEASE COMPLETE, SIGN, AND PROMPTLY RETURN THE ENCLOSED PROXY CARD IN THE POSTAGE-PAID ENVELOPE PROVIDED, OR YOU CAN VOTE THROUGH THE INTERNET OR BY TELEPHONE BY FOLLOWING THE INSTRUCTIONS ON THE ENCLOSED PROXY CARD.** No postage is necessary if the envelope is mailed in the United States. The prompt return of your proxy card will save the expense involved in further communications. Any shareholder attending the meeting may vote in person even if a proxy card has been returned.

If you plan to attend the Annual Meeting and are a registered shareholder, please bring the admission ticket attached to your proxy card. If your shares are registered in the name of a bank or your broker, please bring your bank or broker statement showing your beneficial ownership with you to the Annual Meeting.

We hope that you will be able to attend the meeting, and we look forward to seeing you.

Sincerely,

LARRY C. GLASSCOCK

Chairman of the Board, President and

Chief Executive Officer

ANTHEM, INC.

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD May 17, 2004

ANTHEM, INC.

120 Monument Circle

Indianapolis, IN 46204

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TIME AND DATE 11:00 a.m. on Monday, May 17, 2004

PLACE Anthem, Inc.
120 Monument Circle
Indianapolis, IN 46204

ITEMS OF BUSINESS

- (1) To elect four members of the Board of Directors for three-year terms.
- (2) To transact such other business as may properly come before the Meeting and any adjournment or postponement.

RECORD DATE You can vote if you are a shareholder of record on March 19, 2004.

ANNUAL REPORT Our 2003 Summary Annual Report, which is not a part of the proxy solicitation material, and our Annual Report on Form 10-K, which is our Annual Report to Shareholders, are enclosed.

PROXY VOTING It is important that your shares be represented and voted at the Meeting. You can vote your shares by completing and returning the proxy card sent to you. Most shareholders also have the options of voting their shares on the Internet or by telephone. If Internet or telephone voting is available to you, voting instructions are printed on your proxy card or included with your proxy

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materials. You can revoke a proxy at any time prior to its exercise at the Meeting by following the instructions in the accompanying Proxy Statement. **If you vote by telephone or on the Internet, you do not need to return your proxy card.**

By Order of the Board of Directors

Nancy L. Purcell

Secretary

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ANTHEM, INC.

120 Monument Circle

Indianapolis, IN 46204

PROXY STATEMENT

Annual Meeting of Shareholders

May 17, 2004

Purpose

This Proxy Statement is being furnished to shareholders on or about April 16, 2004 in connection with a solicitation by the Board of Directors of Anthem, Inc. (Anthem, the Company, we, us or our) of proxies to be voted at the Annual Meeting of Shareholders and any adjournments or postponements, to be held at 11:00 a.m., Indianapolis time, Monday, May 17, 2004, at our principal executive offices at 120 Monument Circle, Indianapolis, Indiana, for the purposes set forth in the accompanying Notice. Shareholders will be admitted to the Annual Meeting at 10:00 a.m.

Record Date, Quorum and Vote Required

Record Date At the close of business on March 19, 2004, the record date for the Annual Meeting, there were 138,467,283 shares of Common Stock of the Company outstanding and entitled to vote at the Annual Meeting.

Quorum In order for business to be conducted at the Annual Meeting, a quorum must be present. A quorum will be present if 25% of the votes entitled to be cast on a matter are represented in person or by proxy.

Vote Required You will have one vote for each share held. Proposal 1, Election of Directors, will be determined by the vote of a plurality of the votes cast on such election. A proxy may indicate that all or a portion of the shares represented by such proxy are not being voted with respect to a specific proposal. This could occur, for example, when a broker is not permitted to vote shares held in street name on certain proposals in the absence of instructions from the beneficial owner. Shares that are not voted with respect to a specific proposal will be considered as not present and entitled to vote on such proposal, even though such shares will be considered present for purposes of determining a quorum and voting on other proposals. Abstentions on a specific proposal will be considered as present, but not as voting in favor of such proposal. As a result, with respect to Proposal 1, neither broker non-votes nor abstentions will affect the determination of whether the proposal will be approved.

Shareholders

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Shares of the Company Common Stock may be held directly in your own name or may be held through a stockbroker, bank or other nominee in street name. Summarized below are some distinctions between shares held of record and those owned beneficially:

Shareholder of Record If your shares are registered directly in your name with the Company's transfer agent, Equiserve Trust Company, N. A., you are considered the shareholder of record with respect to those shares and we are sending these proxy materials directly to you. As the shareholder of record, you have the right to vote in person at the Annual Meeting or to grant your voting proxy to the persons designated by us. We have enclosed a proxy card for you to use.

Beneficial Owner If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of the shares held in street name, and you have received these proxy materials from your broker, bank or other nominee who is considered the shareholder of record with respect to

the shares. As the beneficial owner, you have the right to direct the broker, bank or nominee on how to vote your shares and are also invited to attend the Annual Meeting. Your broker, bank or nominee is obligated to provide you with a voting instruction card for you to use. However, since you are not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you to the Annual Meeting a proxy, executed in your favor from the shareholder of record.

Employee Shareholder If you participate in the Anthem 401(k) Long Term Savings Investment Plan and you hold Company Common Stock in your account, you may give voting instructions to the plan Trustee as to the number of shares of Common Stock equivalent to the interest in the Company Common Stock credited to your account as of the most recent valuation date coincident with or preceding the record date. The Trustee will vote your shares in accordance with your instructions received by May 13, 2004 at 12:00 Noon EDT. If you do not send instructions, the Trustee will vote the number of shares equal to the share equivalents credited to your account in the same proportion that it votes shares for which it did receive timely instructions. You may also revoke previously given voting instructions by May 13, 2004 at 12:00 Noon EDT, by filing with the Trustee either written notice of revocation or a properly completed and signed proxy card bearing a later date. Your voting instructions will be kept confidential by the Trustee.

Voting

Whether you hold shares as a shareholder of record or as a beneficial owner you may vote before the Annual Meeting by granting a proxy or, for shares held in street name, by submitting voting instructions to your broker or nominee. Most shareholders will have a choice of voting through the Internet or by telephone or completing a proxy card or instruction form and returning it in the enclosed postage-prepaid envelope. Please refer to the instructions below and on the accompanying proxy card or voting instruction card.

By Mail You may vote by mail by signing and dating your proxy card or voting instruction card provided by your broker, bank or nominee and mailing it in the enclosed postage-prepaid envelope. If you provide specific voting instructions your shares will be voted as you instruct. **If you sign and date your proxy card, but do not provide instructions, your shares will be voted for the election of each of the Company's nominee directors listed on page 14 of this Proxy Statement.**

If you sign and date your voting instruction card with no further instructions, your shares will be voted as described on your broker voting instruction card.

By Internet You may vote by Internet by going to <http://www.eproxyvote.com/ath> and following the instructions. You will need to provide the number contained in the grey box on your proxy card or voting instruction card. If you want to vote through the Internet, you must do so before 11:59 p.m. (EDT), May 16, 2004. **If you vote on the Internet, you do not need to return your proxy card.**

By Telephone You may vote by touchtone telephone by calling (877) 779-8683. You will need to provide the number contained in the grey box on your proxy card or voting instruction card. If you want to vote by telephone, you must do so before 11:59 p.m. (EDT), May 16, 2004. **If you vote by telephone, you do not need to return your proxy card.**

Changing Your Vote

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You may revoke your proxy at any time prior to the Annual Meeting. If you execute more than one proxy, the proxy having the latest date will revoke any earlier proxy. If you attend the Annual Meeting you will be given the opportunity to revoke your proxy and vote in person.

Additional Matters

The Board has not received notice of, and knows of no matters, other than those described in the attached Notice of Annual Meeting of Shareholders, which are to be brought before the Annual Meeting. If other matters

properly come before the Annual Meeting, it is the intention of the persons named in the accompanying proxy card to vote such proxy in accordance with their judgment on such matters.

Shareholder Proposals and Nominations for Next Year's Annual Meeting

In order to be considered at the 2005 Annual Meeting, shareholder proposals must comply with the advance notice and eligibility requirements contained in the Company's By-Laws.

Shareholder Proposal The By-Laws provide that for business to be properly brought before an annual meeting by a shareholder, the shareholder must have the legal right and authority to make the proposal for consideration at the meeting and the shareholder must give timely written notice thereof to the Secretary of the Company. Such proposals also will need to comply with the Securities and Exchange Commission (SEC) regulations regarding the inclusion of shareholder proposals in the Company sponsored proxy materials if the shareholder would like the proposal to be so included.

Nomination of Candidate for Election as Director The By-Laws provide that a shareholder may nominate a person for election to the Company's Board of Directors, provided the shareholder is entitled to vote for the election of directors at the meeting and has given timely written notice of the nomination to the Secretary of the Company.

Timely Notice In order to be timely, a shareholder's notice must be delivered to the principal executive offices of the Company not less than 90 days nor more than 120 days prior to the first anniversary of the preceding year's annual meeting. In the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the shareholder must be delivered not earlier than the 120th day prior to such annual meeting and not later than the close of business on the later of the 90th day prior to such annual meeting or the 10th day following the day on which public announcement of the date of such meeting is first made. The notice must contain specified information about each nominee or the proposed business and the shareholder making the nomination or proposal. The date by which shareholder proposals and nominations of candidates for elections as directors must be received by the Company for inclusion in proxy materials relating to the 2005 Annual Meeting of Shareholders is December 18, 2004.

Copy of By-Law Provisions The specific requirements of these advance notice and eligibility provisions are set forth in Section 1.4 and Section 1.5 of the Company's By-Laws. You may contact the Corporate Secretary, Anthem, Inc., 120 Monument Circle, Indianapolis, Indiana 46204 for a copy of these relevant provisions of the Company's By-Laws.

Annual Meeting Admission

Either an admission ticket or proof of ownership of Company Stock, as well as a form of personal identification, must be presented in order to be admitted to the Annual Meeting. If you are a shareholder of record, your admission ticket is attached to your proxy card. If you are a beneficial owner and your shares are held in the name of a broker, bank or other nominee, you must bring a brokerage statement or other proof of ownership with you to the Annual Meeting, or you may request an admission ticket in advance by mailing a request, along with proof of your ownership of Company Stock, to Anthem Shareholders Services, 120 Monument Circle, Mail No. M3NF, Indianapolis, Indiana 46204.

No cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the Annual Meeting.

IMPORTANT NOTICE REGARDING DELIVERY OF SECURITY HOLDER DOCUMENTS

Householding Notice

The SEC has adopted rules that allow us to deliver a single annual report, proxy statement, proxy statement combined with a prospectus, or any information statement to any household at which two or more shareholders reside who share the same last name or whom we believe to be members of the same family. This procedure is referred to as householding.

If you share the same last name and address with one or more shareholders, from now on, unless we receive contrary instructions from you (or from one of these other shareholders), you and all other shareholders who have your last name and live at the same home address will receive only one copy of any of our Annual Report, Proxy Statement for our Annual Meeting of Shareholders, any proxy statement we file and deliver in connection with any other meeting of shareholders, any proxy statement combined with a prospectus or any information statement. We will include with the householded materials for our annual meetings, or any other shareholders meeting, a separate proxy card and Notice of Shareholders Meeting for each registered shareholder who shares your last name and lives at your home address.

If you object to householding or wish to revoke householding in the future, in order to receive individual copies of these documents, you may write or call our Corporate Secretary, Anthem, Inc., 120 Monument Circle, Indianapolis, Indiana, 46204 or telephone (800) 985-0999. You can call the same number or write to the same address if you participate in householding but wish to receive a separate copy of these documents or to request householding if shareholders are receiving multiple copies of the annual report, proxy statement or information statement. You may opt out of householding at any time prior to 30 days before the mailing of proxy materials each year, which you can measure by reference to the date 30 days before the mailing date of the proxy statement for the prior year's Annual Meeting of Shareholders. If you would like to opt out of householding for any other shareholders meeting that might be scheduled during a given calendar year, we will issue a press release notifying shareholders of the actual deadline for opting out of householding via either of the methods just described. If we do not hear from you, you will be deemed to have consented to the delivery of only one set of these documents to your household. We intend to household indefinitely, and your consent will be perpetual unless you revoke it. If you revoke your consent, we will begin sending you individual copies of these documents within 30 days after we receive your revocation notice.

Your participation in this program is encouraged. It will reduce the volume of duplicate information received at your household as well as the cost to us of preparing and mailing duplicate materials. You may wish to receive documents electronically. We have included below instructions for consenting to electronic delivery. If you consent to electronic delivery, we will not be householding so you need not call the phone number above to object to householding. In addition, we have been notified that certain intermediaries, i.e. brokers or banks, will household proxy materials. Beneficial shareholders can request information about householding from their banks, brokers or other holders of record.

Electronic Delivery of Proxy Materials

One of our main goals is to maximize shareholder value. In addition to aligning our businesses to focus on the unique issues and needs of our customers, we are harnessing technology to maximize cost savings. As an alternative to receiving printed copies of proxy materials in future years, we offer shareholders the opportunity to receive proxy mailings electronically. By consenting to electronic delivery of future annual reports and proxy statements, you will help us reduce printing and postage costs.

To take advantage of this offer, please indicate your consent by following the instructions provided as you vote by Internet or go to the website <http://www.eproxyvote.com/ath> and follow the prompts. You must have access to a computer and the Internet and expect to have access in the

future to be eligible. Selecting this option

means that you will no longer receive a printed copy of our annual report and proxy statement unless you request one.

Each year you will receive an email message with information regarding the Internet web site containing the annual report and proxy statement and the Internet web site to vote your proxy online. If the email is returned undeliverable, our transfer agent will mail the annual report and proxy statement to your address of record. If you consent to electronic delivery, you will be responsible for your usual telephone and Internet charges (e.g., online fees) in connection with the electronic delivery of the proxy materials and annual report.

Your consent will be effective until you revoke it. You may cancel your consent to electronic delivery at no cost to you at any time by written notification to our Corporate Secretary, Anthem, Inc., at 120 Monument Circle, Indianapolis, Indiana, 46204, or at the Internet site <http://www.eproxyconsent.com/ath>.

Cost of Solicitation

We will bear the cost of the solicitation of proxies and have engaged Georgeson Shareholder Communications, Inc. to assist in the solicitation of proxies. Georgeson will receive a fee of approximately \$5,500 plus reasonable out-of-pocket expenses for this work. We also will reimburse banks, brokers or other custodians, nominees and fiduciaries for their expenses in forwarding the proxy materials to beneficial owners and seeking instruction with respect thereto. In addition, our directors, officers or other associates, without additional compensation, may solicit proxies from shareholders in person, or by telephone, facsimile transmission or other electronic means of communication.

GOVERNANCE OF THE COMPANY

We believe that the only results worth achieving are those achieved with integrity and a commitment to excellence.

Accordingly, we have long recognized the importance of and always placed a high priority upon having good corporate governance measures in place. We take great care to ensure that our measures align with the requirements of the Sarbanes-Oxley Act of 2002, the rules promulgated by the SEC and the listing standards of the New York Stock Exchange (NYSE).

We believe it is important to disclose to you a summary of our major corporate governance practices. Many of these practices have been in place for several years and predate our conversion to a public company. Others were recently adopted in response to regulatory and legislative changes.

Among the practices we adhere to are the following:

We have adopted Corporate Governance Guidelines, which are set forth in Appendix I and published on our website (www.anthem.com);

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We also have published on our website the charter of each standing committee of the Board;

A majority of our Board is comprised of independent directors;

Only independent directors serve on the Audit, Compensation and Governance Committees;

Non-employee directors meet in executive session without management present at almost every Board meeting;

We have designated a presiding independent director of the Board;

The lead partner of the Company's independent auditing firm is rotated at least every five years;

The Board, and each committee of the Board, has the authority to engage independent consultants and advisors at the Company's expense; and

The Company's board of directors, executive officers, associates and external business partners are governed by the Company's Standards of Business Conduct.

We will continue to assess and refine our corporate governance practices and share them with you.

BOARD AND COMMITTEE MEMBERSHIP

As reflected in our Governance Guidelines, our business, property and affairs are managed under the direction of our Board. Members of our Board are kept informed of our business through discussions with our Chairman and CEO and other officers, by reviewing materials provided to them, by visiting our offices and by participating in meetings of the Board and its committees.

As permitted by the rules of the NYSE, our Board has adopted categorical standards to assist it in making determinations of independence and whether or not a director has a material relationship with the Company. These standards are posted on our website at www.anthem.com under the Corporate Governance tab. Our Board has determined that each of the following directors meets these standards, has no material relationship with the Company, and is independent as defined by the NYSE listing standards: Susan B. Bayh, William B. Hart, Allan B. Hubbard, Victor S. Liss, L. Ben Lytle, William G. Mays, James W. McDowell, Jr., Donald W. Riegle, Jr., William J. Ryan, George A. Schaefer, Jr., John Sherman, Jr., Dennis J. Sullivan, Jr. and Jackie M. Ward.

During 2003, the Board held eleven meetings. At ten of the eleven meetings the Board met in executive session. During the period in 2003 for which he or she served as a director, no director attended fewer than 75% of the total meetings of the Board and each committee on which he or she served.

There are five standing committees of the Board. From time to time, the Board, in its discretion, may form other committees. The table below provides membership information for each of the Board committees as of December 31, 2003.

<u>Directors</u>	<u>Executive Committee</u>	<u>Audit Committee</u>	<u>Compensation Committee</u>	<u>Governance Committee</u>	<u>Planning Committee</u>
Lenox D. Baker, Jr., M.D.					X
Susan B. Bayh	X				X
Larry C. Glasscock	X				
William B. Hart		X			
Allan B. Hubbard	X			X	
Victor S. Liss	X	X			
L. Ben Lytle	X				X
William G. Mays			X	X	
James W. McDowell, Jr.			X	X	
Donald W. Riegle, Jr.			X		X
William J. Ryan	X		X		
George A. Schaefer, Jr.		X			
John Sherman, Jr.		X			
Dennis J. Sullivan, Jr.		X			
Jackie M. Ward			X	X	

Bold X Signifies Chairman of the Committee

Meetings and Committees of the Board of Directors

Set forth below are the primary responsibilities of each of the committees.

The Audit Committee

The Audit Committee, established in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934, assists the Board in its oversight of the Company's accounting, financial reporting and internal audit controls and procedures. In its oversight of the Company's financial statements and the independent audit thereof, the Committee is responsible for the selection, evaluation and, where deemed appropriate, replacement of the external auditors, and for the evaluation of the independence of the external auditors. The Committee is also responsible for the oversight of the Company's Compliance Program and Standards of Business Conduct. See Audit Committee Report.

A copy of the Audit Committee Charter is attached as Appendix II to this Proxy Statement and is available on the Company's website at www.anthem.com under the Corporate Governance tab.