

Anthem, Inc.
Form PRE 14A
March 09, 2018
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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)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Preliminary Copy Subject to Completion Dated March 9, 2018

2018 PROXY STATEMENT

Annual Meeting of Shareholders

Indianapolis, IN

May 16, 2018



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About Anthem, Inc.

Anthem is working to transform health care with trusted and caring solutions. Our health plan companies deliver quality products and services that give members access to the care they need. With over 73 million people served by our affiliated companies, including more than 40 million enrolled in our family of health plans, we are one of the nation's leading health benefits companies. We are an independent licensee of the Blue Cross and Blue Shield Association. We serve our 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 (in varying counties as Blue Cross and Blue Shield, Blue Cross or Empire BlueCross BlueShield HealthPlus), Ohio, Virginia (excluding the Northern Virginia suburbs of Washington, D.C.) and Wisconsin. We also conduct business through arrangements with other Blue Cross and Blue Shield licensees in Louisiana, South Carolina and Western New York. We also conduct business through our Amerigroup subsidiary and other subsidiaries in Florida, Georgia, Iowa, Kansas, Maryland, Nevada, New Jersey, New Mexico, Tennessee, Texas, Washington and Washington, D.C. In addition, we conduct business through our Simply Healthcare, HealthSun, Freedom Health and Optimum Healthcare subsidiaries in Florida, and our America's 1st Choice subsidiary in South Carolina. We also serve customers throughout the country as HealthLink, UniCare, and in certain Arizona, California, Connecticut, Iowa, Nevada, Tennessee and Virginia markets through our CareMore subsidiary. We are licensed to conduct insurance operations in all 50 states and the District of Columbia through our subsidiaries. To find out more about us, go to antheminc.com.

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April 2, 2018

To Our Shareholders:

On behalf of the Anthem Board of Directors, we look forward to welcoming you to our 2018 Annual Meeting, which will be held at Anthem's headquarters in Indianapolis, Indiana on May 16, 2018 at 8 a.m. Eastern Daylight Time.

Our Annual Meeting is an opportunity to review our 2017 accomplishments, as well as our plans to build on the positive momentum from the past year as we look ahead to 2018 and beyond.

In 2017, Anthem delivered solid performance with growth in both our Commercial and Government businesses. Highlights of the year include:

- Grew medical membership for the fourth consecutive year and now serve more than 40 million consumers.
- Increased operating revenue by more than 40 percent over the past five years to more than \$89 billion.
- Grew operating cash flow by 28 percent to \$4.2 billion in 2017.
- Increased average share price of our stock, which more than tripled in the past five years and increased by 56 percent in 2017.
- Increased our dividend for the 8th consecutive year.

We have many opportunities ahead of us in 2018 as we continue to make strategic investments in technology, consumer capabilities and innovative care delivery that will serve our customers and shareholders well into the future. We will remain guided by our values as we strive to make a greater difference for our consumers and communities through our work to address some of the nation's most pressing health issues and our efforts to improve the affordability and accessibility of health care for all Americans.

Details for attending the Annual Meeting are included in this proxy statement. Please note that you must submit your request to attend on or before May 7, 2018. Also enclosed are details for how and when to vote. Your vote is very important to us so, if you are unable to attend the meeting, please vote either online, by mail or by telephone.

Thank you for your continued investment in our company. We appreciate your confidence in our leadership and we hope to see you in Indianapolis.

Gail K. Boudreaux Joseph R. Swedish
President and Chief Executive Officer Executive Chair

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Letter from Lead Director

April 2, 2018

Dear Fellow Anthem Shareholders,

Thank you for your investment in Anthem and for trusting us to oversee your interests. Your Board's mission is to represent the interests of all shareholders, not in the short-term, but with a long-term perspective. We believe your interests are best served when the Company achieves sustainable results in a responsible manner. The Board is actively engaged in overseeing Anthem's business strategies and performance to meet this objective. I am pleased to share specific actions that the Board has taken in the past year.

Chief Executive Officer Succession & Independent Chair. One of your Board's most important responsibilities is to ensure an orderly and stable CEO succession process. To that end, in November 2017, we unanimously elected Gail K. Boudreaux to succeed Joseph R. Swedish as CEO and President, with Joe continuing to serve as Executive Chair of the Board until May 2018. The Board would like to recognize Joe for his significant contributions to the Company's success over the past five years.

We have determined that upon Joe's retirement, the Board will be led once again by an independent Chair. In February 2018, we announced that Elizabeth E. Tallett, who is currently Chair of the Governance Committee, will assume the independent Chair of the Board position.

Board Skills, Diversity & Refreshment. Board succession planning is also essential to the Company's success. As Lead Director, I have the privilege to work with a highly qualified and diverse group of board colleagues who bring thought leadership, perspective and accountability to their roles in overseeing the talented executive team at Anthem. Refreshing your Board with new perspectives and ideas is critical to ensuring that it remains strategic and forward-looking.

Over the past year, three new Directors have joined the Board and one Director has retired. In addition to Gail, who was appointed to the Board following her election as President and CEO, we are pleased to welcome new board members Antonio Neri and Bahija Jallal, who both have extensive executive and financial experience, as well as Antonio's information technology expertise and Bahija's health care industry experience. Our Board is highly diverse in terms of background, expertise, nationality, ethnicity and gender, including four women directors and four directors from diverse ethnicities. The average director tenure is approximately six years.

Corporate Responsibility. Anthem believes that corporate responsibility is embedded in our purpose and helps define us as an organization that is committed to creating a health care experience that is simpler, more accessible and more affordable for the consumers we serve. We are focused on living out this purpose through the work of our associates, through the philanthropic efforts of the Anthem Foundation, through our diversity and inclusion initiatives, and by implementing environmentally responsible business practices. In recognition of the importance of corporate responsibility, the Board's Governance Committee is charged with monitoring the Company's corporate social responsibility and environmental sustainability initiatives, to ensure they are effective and timely.

On behalf of the Board, thank you for investing in Anthem. We hope to see you at the Annual Meeting.

George A. Schaefer, Jr.
Lead Director

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Notice of Annual Meeting of Shareholders of Anthem, Inc.

Date and Time: Wednesday, May 16, 2018 at 8:00 a.m. Eastern Daylight Time

Location: Anthem, Inc.
120 Monument Circle
Indianapolis, Indiana 46204

Items of Business: To elect the four members of the Board of Directors identified in the accompanying proxy statement.
To ratify the appointment of Ernst & Young LLP as our independent registered public accounting firm for 2018.
To hold an advisory vote to approve the compensation of our named executive officers.
To approve proposed amendments to our Amended and Restated Articles of Incorporation to allow shareholders to call special meetings of shareholders.
If properly presented at the Annual Meeting, to vote on the shareholder proposal set forth in the accompanying proxy statement.
To transact such other business as may properly come before the Annual Meeting and any adjournment or postponement.

Record Date: You can vote if you are a shareholder of record on March 9, 2018.

It is important that your shares be represented and voted at the Annual Meeting. Whether or not you plan to attend the Annual Meeting, we urge you to vote your shares (as described in the accompanying materials) through the Internet, by telephone or, if you received a printed copy of the proxy card by mail, by signing, dating and mailing the proxy card in the envelope provided.

By Order of the Board of Directors,

Kathleen S. Kiefer Scan this QR code to
vote with your
smartphone or go to
Corporate Secretary
www.envisionreports.com/antm

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You can vote in one of four ways:

Visit the website listed on your notice of meeting or proxy card to vote VIA THE INTERNET

Call the telephone number on your proxy card to vote BY TELEPHONE

If you received printed proxy materials, sign, date and return your proxy card in the envelope provided to vote BY MAIL

Attend the Annual Meeting to vote IN PERSON

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2018 Proxy Statement Summary

The following is a summary of certain key disclosures in this proxy statement. This is only a summary, and it may not contain all of the information that is important to you. For more complete information, please review this proxy statement as well as our 2017 Annual Report on Form 10 K.

Annual Meeting of Shareholders

Wednesday, May 16, 2018 at 8:00 a.m., EDT Record Date: March 9, 2018

Anthem, Inc.

120 Monument Circle

Indianapolis, Indiana 46204

Proposals to be Voted on and Board Voting Recommendations

Proposals	Recommendations
Election of the following persons as directors:	FOR EACH NOMINEE
Lewis Hay, III	FOR
Julie A. Hill	FOR
Antonio F. Neri	FOR
Ramiro G. Peru	FOR
Ratification of Ernst & Young LLP as Auditors for 2018	FOR
Advisory vote to approve the compensation of our Named Executive Officers	FOR
Approval of proposed amendments to our Amended and Restated Articles of Incorporation to allow shareholders owning 20% or more of our common stock to call special meetings of shareholders	FOR
Shareholder proposal to allow shareholders owning 10% or more of our common stock to call special meetings of shareholders	AGAINST

2017 Business Highlights

*Please refer to the GAAP Reconciliation table on page B 1 for information on Adjusted Net Income and Adjusted Net Income Per Diluted Share (“Adjusted EPS”).

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2018 Proxy Statement Summary (continued)

Other highlights include:

- Operating cash flow was approximately \$4.2 billion, or 1.1 times net income, for 2017, as compared to approximately \$3.2 billion for 2016.
- Our closing stock price increased by 56.5% from \$143.77 on December 30, 2016 to \$225.01 on December 29, 2017, the last trading day of 2017. Additionally, the Company paid cash dividends totaling \$2.70 per share in 2017.
- Medical membership grew to over 40 million members.
- Our strong performance is reflected in the compensation that our Named Executive Officers earned for 2017.

CEO Transition

In November 2017, the Board appointed Gail K. Boudreaux as President and Chief Executive Officer, succeeding Joseph R. Swedish, who will continue to serve as Executive Chair of the Board until the 2018 Annual Meeting of Shareholders and thereafter will serve as the senior advisor to the Chief Executive Officer and consultant until May 1, 2020.

Compensation Highlights

- To align the interests and rewards of our Named Executive Officers (“NEOs”) with the long-term interests of our shareholders and drive the achievement of our purpose and vision, while operating within our values and behaviors, our Total Rewards program emphasizes performance-based compensation in the form of our Annual Incentive Plan (“AIP”) and equity grant programs under our Incentive Compensation Plan (“Incentive Plan” or “LTIP”).
- For 2017, the Compensation Committee continued using a balanced scorecard for the AIP for the NEOs and other members of the executive leadership team, with an 80% weighting for Adjusted Net Income Per Share (“Adjusted EPS”) and a total of 20% weightings for measures related to each of our three strategic pillars, namely, consumer centricity (10%), provider collaboration (5%) and quality of care (5%).
- Adjusted EPS was selected because it demonstrates whether the top-line growth was profitable and is a primary measure considered by many of our shareholders in assessing our ongoing performance. In addition, earnings-based measures are the most prevalent performance measure used by our direct peers.
- Both the AIP and our performance stock units granted under the Incentive Plan use Adjusted EPS or Adjusted Net Income as a performance measure, which is calculated on an adjusted, non-GAAP basis to remove certain pre-established categorical amounts, which are reported in our quarterly earnings releases and would generally not be included by the investment community in the determination of our financial results. All adjustments are reviewed and approved by the Compensation Committee. Please refer to the GAAP Reconciliation table on page B-1 for information on Adjusted Net Income and Adjusted EPS.

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2018 Proxy Statement Summary (continued)

Primary Components of 2017 Target Compensation

(Data for the CEO applies to Mr. Swedish for 2017

Data for “Other NEOs” is an Average for Other NEOs)

AIP and LTIP percentages are based on achievement of an award equal to 100% of target.

Corporate Governance

Our corporate governance policies reflect our commitment to effective corporate governance and high ethical standards:

- Majority voting for uncontested director elections.
- Proxy access for shareholder-nominated director nominees.
- Shareholders have the ability to amend our Bylaws, except for those provisions required by our license agreements with the Blue Cross and Blue Shield Association.
- Nine of our eleven current directors are independent and only independent directors serve on the Audit, Compensation and Governance Committees.
 - Our Board composition is diverse in gender, race, age, geographic location, experience and skills.
- We have four women directors and four directors from diverse ethnicities.
- Average tenure of all directors was approximately 6.3 years at April 2, 2018.
- We currently have an independent Lead Director who will be replaced by an independent Chair of the Board as of the Annual Meeting.
- Board oversees director refreshment and succession planning, with three new directors and one retiring director in the past year.
- Board oversees succession planning for our President and CEO and our other executive officers, addressing both emergency and long-term succession.
- Board, Committee and individual director performance evaluations are conducted annually, including an evaluation led by an external party at least every three years.
- Individuals cannot stand for election as directors if 72 years of age or older.
- Directors cannot serve on more than three other public company boards, and our CEO cannot serve on more than two other public company boards.
- Executive sessions of the independent directors are held at each in-person board meeting.
- Short sales, hedging transactions and pledging our stock are prohibited for all directors, officers and associates.

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- Significant stock ownership requirements are in place for directors and executive officers.
 - Our clawback policy applies to executive officers' incentive compensation in the event of a restatement of our financial statements due to misconduct.
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2018 Proxy Statement Summary (continued)

- Our annual report on Political Contributions and Related Activities is available on our website at www.antheminc.com under “About Anthem, Inc. — Public Affairs — Political Contributions.”
- Our Corporate Responsibility Report is available on our website at www.antheminc.com under “Corporate Responsibility.”

Director Qualifications and Experience

The following chart provides summary information about our directors’ skills and experiences. More detailed information is provided under the description of the “Governance Committee” beginning on page 7 and in each director’s biography beginning on page 19.

Directors	CEO/COO	Insurance Industry	Finance	Health Care Industry	Marketing/ Public Relations	Information Technology	Regulatory/ Government	ESG	Diversity
Paul K. Boudreaux									
Kerry Clark									
Robert L. Nixon, Jr.									
Lewis									
Way, III									
Julie A. Hill									
Mahija Jallal									
Antonio F. Peri									
Samiro G. Peru									
George A. Schaefer, Jr.									
Joseph R. Swedish									
Elizabeth E. Allett									

Shareholder Engagement

We believe that building positive relationships with our shareholders is critical to our long-term success. For this reason, we spend significant time meeting with our shareholders, listening to their concerns and responding to their feedback. Over the past year, management engaged with our largest shareholders, representing in aggregate approximately 50% of our outstanding shares, on our corporate governance practices, including on the proposed amendments to our Amended and Restated Articles of Incorporation to give shareholders the right to call special

meetings of shareholders. In addition, our management team regularly offers shareholders the opportunity to discuss our quarterly results and other topics of interest to shareholders. We value our relationship with our shareholders and believe that we strengthen our ability to lead the Company by constructively discussing our business and strategy.

We were pleased that our shareholders overwhelmingly approved the non-binding advisory vote on our executive compensation in 2017, as approximately 94% of votes cast were voted in favor of the proposal. Nevertheless, we continue to examine our executive compensation program to assure alignment between the interests of our executive officers and our shareholders.

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Proxy Statement

ANTHEM, INC.

120 Monument Circle

Indianapolis, Indiana 46204

Annual Meeting of Shareholders

May 16, 2018

Purpose

This proxy statement is being made available to shareholders on or about April 2, 2018 in connection with a solicitation by the Board of Directors (the “Board”) of Anthem, Inc. (“Anthem,” the “Company,” “we,” “us” or “our”) of proxy be voted at the annual meeting of shareholders (the “annual meeting”) and any adjournments or postponements, to be held at 8:00 a.m., Eastern Daylight Time, Wednesday, May 16, 2018, at Anthem, Inc., 120 Monument Circle, Indianapolis, Indiana 46204, for the purposes set forth in the accompanying Notice of Annual Meeting of Shareholders. Shareholders will be admitted to the annual meeting beginning at 7:30 a.m., Eastern Daylight Time. You must have an admission ticket, as well as a form of government-issued photo identification, in order to be admitted to the annual meeting. For instructions on requesting admission tickets, see page 79 of this proxy statement.

Record Date

At the close of business on March 9, 2018, the record date for the annual meeting, there were [*] shares of our common stock outstanding and entitled to vote at the annual meeting.

Quorum

In order for business to be conducted at the annual meeting, 25% of the votes entitled to be cast on a matter, represented in person or by proxy, must be present.

Vote Required

You will have one vote for each share held. Shares of our common stock represented by properly executed proxies will be voted at the annual meeting in accordance with the choices indicated on the proxy. Abstentions on a specific proposal will be considered as present at the annual meeting and will be counted for purposes of determining whether a quorum is present.

If you provide specific voting instructions, your shares will be voted as you instruct. If you sign, date and return your proxy card, but do not provide instructions, your shares will be voted:

- | | |
|------------------|---|
| FOR Proposal 1 - | election of each director nominee |
| FOR Proposal 2 - | ratification of the appointment of the independent registered public accounting firm for 2018 |
| FOR Proposal 3 - | advisory vote to approve the compensation of our Named Executive Officers |

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- FOR Proposal 4 - approval of proposed amendments to our Amended and Restated Articles of Incorporation (the “Articles of Incorporation”) to allow shareholders owning 20% or more of our common stock to call special meetings of shareholders
- AGAINST Proposal 5 - shareholder proposal to allow shareholders owning 10% or more of our common stock to call special meetings of shareholders

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Proxy Statement (continued)

Each proposal at the annual meeting will be approved if the proposal receives more votes “for” than “against.”

Abstentions will have no effect on the outcome of any proposal. If your shares of our common stock are held in street name, and you do not provide your broker with voting instructions, your broker has the discretion to vote your shares of common stock for or against Proposal 2 only, the ratification of the appointment of our independent registered public accounting firm, and not any of the other proposals. If your broker does not have discretion to vote your common stock without your instructions, this is referred to as a “broker non-vote.” Broker non-votes will not be considered as votes cast on, and will have no effect on the outcome of, the remaining proposals other than Proposal 2.

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Governance of the Company

Our business is managed under the direction of the Board. The Board has responsibility for establishing broad corporate policies and for our overall performance. 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 have always placed a high priority upon, having good corporate governance measures in place.

Board Leadership Structure

The Board has the flexibility to establish a leadership structure that works best for the Company at a particular time and reviews that structure periodically. At times during our past, the positions of Chair of the Board and Chief Executive Officer (“CEO”) have been held by two different people and, at other times, the positions have been combined and held by the same person. The Board believes that it is important to implement an effective and efficient leadership structure that provides stability, while maintaining strong oversight of management.

In December 2015, the Board appointed Joseph R. Swedish as the Chair of the Board and combined the Chair and CEO roles. In doing so, the Board considered Mr. Swedish’s extensive experience in the health care industry and his oversight of our growth, financial performance and strategy since he was elected as our CEO in March 2013. In November 2017, the Board appointed Gail K. Boudreaux as CEO and President, succeeding Mr. Swedish. Mr. Swedish continued to serve as Executive Chair of the Board, and will continue to serve in that role until the annual meeting, at which time Elizabeth E. Tallett will be the independent Chair of the Board. Given that Ms. Boudreaux has recently joined the Company, the Board believes that having an independent Chair of the Board allows Ms. Boudreaux to concentrate on overseeing the management of our business, while Ms. Tallett oversees the functioning of the Board and our corporate governance.

Our Corporate Governance Guidelines require that our independent directors elect a Lead Director annually when the positions of Chair and CEO are filled by the same person or when the Chair is not an independent director. The Board elected George A. Schaefer, Jr. to serve as the Lead Director, and he will serve in that role until the annual meeting when Ms. Tallett begins serving as independent Chair of the Board. The Lead Director presides at meetings of the Board and shareholders in the Chair’s absence, presides at all meetings of the independent directors (which are scheduled at each in-person Board meeting), serves as a liaison between the Chair and the independent directors, approves information sent to the Board, approves Board schedules and meeting agendas, has the authority to call additional meetings of the Board and the independent directors and is available for consultation and direct communication, if requested, with major shareholders. The Board also recognizes the important leadership roles played by the Chair of each of the committees of the Board. The Board evaluates its leadership structure from time to time and changes it as circumstances warrant.

Board Role in Risk Oversight

Our Board oversees the risk management processes that have been designed, and are implemented by our executives, to determine whether those processes are functioning as intended and are consistent with our business and strategy. The Board oversees our exposure to major enterprise risks and, with the assistance of the Audit Committee, oversees the processes by which we assess, monitor and manage our exposure to major risks. The Board reviews and approves certain risk tolerance levels and action plans regarding major risks. In addition to the responsibilities delegated to the Audit Committee, the Board delegates to its committees responsibility for assisting in the oversight of categories of risk within their areas of responsibility. See also “Executive Compensation — Assessment of Compensation-Related Risks” in this proxy statement for a description of the Compensation Committee’s role in overseeing

compensation-related risks. A description of the enterprise risks facing us is included in Part I, Item 1A “Risk Factors” in our 2017 Annual Report on Form 10 K.

In addition to its oversight of certain risks as delegated by the Board, the Audit Committee is specifically tasked with the following as it relates to enterprise risk management activities:

- Review the appointment, promotion or dismissal of the Chief Risk Officer, who serves as the head of the internal enterprise risk management function;

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Governance of the Company (continued)

- Review and discuss our enterprise risk management framework, processes and governance structure;
- Review and discuss our major financial risk exposures, and any other categories of risk delegated by the Board to the Audit Committee from time to time, and the steps management has taken to assess, monitor and manage such exposures; and
- Discuss the responsibilities, budget and staffing of our enterprise risk management function.

We have an Enterprise Risk Council to oversee our enterprise risk management activities. The Enterprise Risk Council is comprised of members of our executive leadership team and the Chief Risk Officer. Roles and responsibilities of the Enterprise Risk Council include:

- Drive an effective enterprise risk management culture;
- Continually evaluate and bring forward emerging risk insight;
- Review and approve risk tolerance levels (subject to Board review and approval where appropriate);
- Act on risk tolerance breaches;
- Engage with the Chief Audit Executive to ensure appropriate two-way communication regarding our enterprise risks;
 - Review the Master Audit Plan to ensure there is appropriate coverage of the highest risk areas;
- Review and approve the evaluation and prioritization of enterprise risks;
- Review enterprise action plans against risks;
- Review and approve the policies and procedures for monitoring and mitigating enterprise risks, as well as any required regulatory filings; and
- Review and support resource requirements (subject to Board review where appropriate).

The Chief Risk Officer provides quarterly updates of enterprise risk management activities conducted through the Enterprise Risk Council to the Board and/or the Audit Committee, including separate executive sessions with the Audit Committee.

Policies on Corporate Governance

Our corporate governance policies reflect our goal of adopting best practices to promote a high level of performance from the Board and management. We believe our corporate governance practices promote the long-term interests of our shareholders and strengthen Board and management accountability.

Among the practices we adhere to are the following:

- Annual review of our corporate governance documents for compliance with their terms and enhancements to improve corporate governance;
- Majority voting for the election of directors in uncontested elections, with directors who fail to receive the required majority vote required to tender their resignation for consideration by the Board;
- Proxy access for shareholder nominated director nominees;
- Shareholders have the ability to amend our Bylaws, except for those provisions required by our license agreements with the Blue Cross and Blue Shield Association;
- No supermajority voting requirements in our Articles of Incorporation;
- Opted out of the Indiana Control Share Acquisitions Statute;
- Nine of our eleven current directors are “independent” under all applicable standards;
- Independent Audit, Compensation and Governance Committees;

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- Independent Lead Director who is elected annually by the independent directors when the positions of Chair and CEO are filled by the same person or when the Chair is not an independent director;
- We currently have an independent Lead Director who will be replaced by an independent Chair of the Board as of the annual meeting;
- Board oversees succession planning for our President and CEO and our other executive officers, addressing both emergency and long-term succession;
- Board oversees director refreshment and succession planning, with three new directors and one retiring director in the past year;

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Governance of the Company (continued)

- Board, Committee and individual director performance evaluations are conducted annually, including an evaluation led by an external party at least every three years;
- Individuals cannot stand for election as a director if 72 years of age or older;
- Prohibition on service by independent directors on more than three other public company boards, and by our CEO on more than two other public company boards;
- Our Board composition is diverse in gender, race, age, geographic location, experience and skills;
- We have four women directors and four directors from diverse ethnicities;
- Average tenure of all directors was approximately 6.3 years at April 2, 2018;
- Rotation of lead partner of our independent registered public accounting firm at least every five years;
- Board and its Committees have the authority to engage consultants and advisors at our expense;
- Executive sessions of the independent directors without management present are held at every in-person Board meeting;
- Several avenues for shareholders to communicate with the Board and management, including periodic investor days and earnings release conference calls and webcasts, dedicated email addresses for the Board and for Committee Chairs, and specific outreach to shareholders initiated by us or in response to engagement requests;
- The Board encourages directors to participate in continuing education programs and reimburses directors for the expenses of such participation;
- Clawback policy to recover incentive compensation payments from our executive officers in the event of a restatement of our financial statements due to misconduct;
- Prohibition on tax gross-ups on payments made in connection with a change in control or on perquisites, subject only to honoring contractual requirements when assuming agreements upon a merger or other business combination;
- Prohibition on short sales, hedging transactions and pledges of our stock by all officers, associates and directors;
- Prohibition on repricing of stock options and stock appreciation rights without shareholder approval;
- Standards of Ethical Business Conduct applicable to our Board, executive officers and associates;
- Governance Committee monitors our corporate social responsibility and environmental sustainability initiatives, including our Corporate Responsibility Report; and
- Significant stock ownership guidelines that align our executive officers' and directors' interests with those of shareholders.

Due to existing contractual obligations with the Blue Cross and Blue Shield Association (“BCBSA”), we are required to maintain a classified board structure. However, our Corporate Governance Guidelines provide that, if the BCBSA requirement for a classified board structure is eliminated or is no longer applicable to us, the Board will submit amendments to our Articles of Incorporation recommending approval by the shareholders to eliminate the classified board structure. The amendment would be submitted at the next annual meeting of shareholders occurring after the elimination of the requirement for a classified board, and phase in the annual election of all directors over a three-year period. If our shareholders approve the amendments to our Articles of Incorporation to eliminate the classified board structure as set forth above, the Board will thereafter amend our Bylaws and other governing documents to implement the elimination of our classified board structure as provided in the Board policy.

Current versions of our Articles of Incorporation, Bylaws, Corporate Governance Guidelines, Standards of Ethical Business Conduct, and the charter of each standing committee of the Board are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.”

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

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Board and Committee Membership

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

Director Independence

Our Board has adopted standards to assist it in making determinations of independence and whether or not a director or director nominee has a material relationship with us. These standards are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.” Our Board has determined that all of our directors and director nominees, other than Ms. Boudreaux and Mr. Swedish, meet these standards, have no material relationship with us and are “independent” as defined by the NYSE listing standards and the rules of the Securities and Exchange Commission (“SEC”).

Meetings and Committees of the Board

During 2017, the Board held 18 meetings. The non-employee directors met in executive session without management at all in-person meetings. Our Board committees also conduct executive sessions that are presided over by the Chair of the respective committee. Each current director attended at least 75% of the total meetings of the Board and each committee on which he or she served.

There are three standing committees of the Board. From time to time, the Board, in its discretion, may form other committees. The following table provides membership information for each of the Board standing committees as of April 1, 2018.

Directors	Audit Committee	Compensation Committee	Governance Committee
Gail K. Boudreaux			
R. Kerry Clark			
Robert L. Dixon, Jr.			
Lewis Hay, III		Chair	
Julie A. Hill			
Bahija Jallal			
Antonio F. Neri			
Ramiro G. Peru	Chair		
George A. Schaefer, Jr.*			
Joseph R. Swedish**			
Elizabeth E. Tallett			Chair

Committee Member * Lead Director ** Executive Chair

Set forth below are the primary responsibilities of each of the standing committees as described more fully in their charters, which are available on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.”

Audit Committee

The Audit Committee represents and assists the Board in its oversight of our accounting, financial reporting and internal audit controls and procedures. In its oversight of our financial statements and the independent audit thereof, the Audit Committee is responsible for the selection, evaluation and, where deemed appropriate, replacement of the independent registered public accounting firm, and for the evaluation of the independence of the independent registered public accounting firm. The Audit Committee is also directly involved in the selection of the auditor's lead engagement partner.

The Audit Committee is also responsible for the oversight of our Compliance Program and Standards of Ethical Business Conduct, as well as assisting the Board in overseeing the processes by which we assess, monitor and manage our exposure to major risks. The Chief Compliance Officer facilitates our compliance program and reports independently to the Audit Committee. The Audit Committee regularly receives a detailed report from

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Board and Committee Membership (continued)

the Chief Compliance Officer regarding our compliance program activities. See “Audit Committee Matters — Audit Committee Report” and “Governance of the Company — Board Role in Risk Oversight.”

The Audit Committee met eight times during 2017. The Audit Committee met separately, generally at each in-person meeting during 2017, with executive management (including the General Counsel), the head of internal audit, the Chief Risk Officer, the Chief Compliance Officer and the independent registered public accounting firm. The Board has determined that each of the members of the Audit Committee is “independent” as defined by the rules of the SEC and the NYSE listing standards and that each of the members is an “audit committee financial expert” as defined by the SEC’s rules.

Compensation Committee

The Compensation Committee assists the Board in discharging its responsibilities relating to compensation and benefits provided to our executive officers (which are determined by the Compensation Committee in its sole discretion), including conducting an assessment of the risks related to our compensation policies and practices. See “Executive Compensation — Assessment of Compensation-Related Risks.” The Compensation Committee sets the compensation level of our CEO and other executive officers based on an evaluation of the executive’s performance in light of our goals and objectives. The Compensation Committee may take into consideration when setting the compensation levels of the executive officers (other than the CEO) any recommendations of the CEO with respect to the other executive officers.

In addition, the Compensation Committee has engaged directly an outside compensation consultant to assist in the evaluation of CEO and executive officer compensation, as authorized under its charter. The Compensation Committee has engaged Semler Brossy Consulting Group LLC (“Semler Brossy”) to provide executive compensation consulting services. Semler Brossy reports directly to the Compensation Committee, participates regularly in Committee meetings and advises the Committee with respect to compensation trends and best practices, plan design and the reasonableness of individual compensation awards. Semler Brossy does not provide any other services to the Company. The Compensation Committee assessed the independence of Semler Brossy pursuant to, and based on the factors set forth in, the SEC’s and NYSE’s rules and concluded that no conflict of interest exists that would prevent Semler Brossy from independently advising the Compensation Committee.

The Compensation Committee met nine times during 2017. All members of the Compensation Committee are “outside directors” within the meaning of Section 162(m) of the Internal Revenue Code of 1986, as amended (the “Tax Code”), “non-employee directors” within the meaning of Section 16b-3 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”) and “independent” within the meaning of the NYSE listing standards.

Compensation Committee Interlocks and Insider Participation

None of the Compensation Committee members is or has been an officer or employee of the Company or was involved in a relationship requiring disclosure as an interlocking director or under Item 404 of Regulation S-K.

Governance Committee

The Governance Committee assists the Board in discharging its responsibilities relating to Board composition, director compensation and corporate governance by identifying and recommending individuals for nomination as

members of the Board, recommending to the Board the overall director compensation policy and developing and recommending to the Board a set of corporate governance guidelines. The Governance Committee also is responsible for reviewing, at least annually, our political strategy, contributions and activities and overseeing compliance with our policies and procedures regarding political contributions and activities. In addition, the Governance Committee monitors the Company's corporate social responsibility and environmental sustainability initiatives.

The Governance Committee has engaged directly Compensation Advisory Partners LLC ("CAP"), an outside compensation consultant, to assist in the evaluation of director compensation, as authorized under its charter. CAP reports directly to the Governance Committee. During 2017, CAP advised the Committee with respect to director compensation trends and best practices, plan design and the reasonableness of director compensation,

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Board and Committee Membership (continued)

including the changes to compensation for non-employee directors approved in May 2017. CAP does not provide any other services to the Company. The Governance Committee assessed the independence of CAP pursuant to, and based on the factors set forth in, the SEC's and NYSE's rules and concluded that no conflict of interest exists that would prevent CAP from independently advising the Governance Committee.

The Governance Committee met five times during 2017. The Board has determined that each of the members of the Governance Committee is "independent" as defined by the NYSE listing standards.

Shareholder Recommendations

The Governance Committee considers and recommends candidates for the Board. It reviews all nominations submitted to the Company as described below under "Identifying and Evaluating Nominees for Directors," including individuals nominated by shareholders to be included in our proxy statement. In evaluating such nominations, the Governance Committee seeks to achieve a balance of knowledge, experience and capability on the Board and to address the membership criteria set forth under "Director Qualifications." Any shareholder recommendations proposed for consideration by the Governance Committee must include the nominee's name and qualifications for Board membership and must be addressed to our Secretary at Anthem, Inc., 120 Monument Circle, Mail No. IN0102 B381, Indianapolis, Indiana 46204. Following verification that the persons recommending director candidates are shareholders, recommendations are aggregated and considered by the Governance Committee at a regularly scheduled meeting. If any materials are provided by shareholders in connection with the recommendation of a director candidate, such materials are forwarded to the Governance Committee.

In addition, any shareholder who wishes to nominate a director candidate at our annual meeting or for inclusion in our proxy statement may do so by following the procedures and providing the information set forth in "Shareholder Proposals and Nominations for Next Year's Annual Meeting" beginning on page 80 and in Sections 1.5, 1.6 and 1.16 of our Bylaws. Our Bylaws are available on our website at www.antheminc.com under "Investors — Corporate Governance — Governance & Corporate Documents." Any materials provided by shareholders in connection with the nomination of a director candidate are forwarded to the Governance Committee. Following verification that the persons recommending director candidates are shareholders, and verification that any other required information has been properly submitted by such persons, nominations are reviewed and discussed by the Governance Committee and the Board at a regularly scheduled meeting.

Identifying and Evaluating Nominees for Directors

The Governance Committee utilizes a variety of methods for identifying and evaluating nominees for director. The Governance Committee assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. In the event that vacancies are anticipated, or otherwise arise, the Governance Committee considers, subject to the restrictions in our Bylaws, whether the vacancy should be filled and if so, various potential candidates for director. Candidates may come to the attention of the Governance Committee through current Board members, management, professional search firms, shareholders or other persons. These candidates are evaluated at regular or special meetings of the Governance Committee and may be considered at any point during the year.

Director Qualifications

The Governance Committee periodically evaluates the size and composition of the Board to assess the skills and qualifications of Board members, and compares them with those skills and qualifications that might prove valuable in the future, considering the circumstances of the Company and the then-current Board membership. This assessment enables the Board to consider whether the skills and qualifications described below continue to be appropriate as the Company's needs evolve over time. On an ongoing basis, the Governance Committee, assisted by outside consultants, will evaluate candidates who possess qualifications that meet our strategic needs and have diverse experiences in key business, financial and other challenges that face a publicly-held health benefits company.

In general, all directors must exhibit integrity and accountability, informed judgment, financial literacy, mature confidence and high performance standards. Candidates should be committed to enhancing shareholder value,

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Board and Committee Membership (continued)

have sufficient time and energy to diligently perform their duties and be able to provide insight and practical wisdom based on experience to represent the interests of all shareholders. Candidates should also have the manifest ability to work in a collegial and constructive manner with the other members of the Board. Service by candidates on other public company boards should be limited to a number that permits candidates, given their individual circumstances, to perform all director duties responsibly, but in any event, should not exceed three other public company boards (or two for our CEO).

The foregoing qualifications will be applied by the Governance Committee to all candidates considered for nomination by the Board, including candidates submitted by shareholders.

Our Corporate Governance Guidelines provide that our Governance Committee is to take into account the overall diversity of the Board when identifying possible nominees for director, including gender, race, age and geographic location. The Committee implements that policy, and assesses its effectiveness, by examining the diversity of all of the directors on the Board when it selects nominees for directors. Currently, the Board has four women directors, one African-American director, one Hispanic director, one Latino director and one North African director. Our directors range in age from early 50s to early 70s and reside in nine different states. The diversity of directors is one of the factors that the Governance Committee considers, along with the other selection criteria described above.

Below we identify and describe important skills and experiences that the Governance Committee looks for in a director candidate.

Current or Retired CEO/COO	Directors who are current or former Chief Executive Officers or Chief Operating Officers provide practical understanding of how large organizations operate and have experience in strategic thinking, risk management and operations oversight. They also possess significant leadership qualities and are able to identify and develop such qualities in others.
Insurance Industry	Directors with experience in the insurance industry bring an understanding of the unique nature of the business, including an understanding and appreciation of the regulatory requirements and restrictions with which we must comply. They can provide effective oversight of our regulatory compliance and risk management efforts.
Finance	Directors with an understanding of finance and financial reporting processes, particularly as they relate to large, complex, highly-regulated businesses, provide an important oversight role of our financial measures and processes. We use several financial targets for measuring performance, and accurate financial reporting is critical to our success.
Health Care Industry	Directors with experience in the health care industry bring valuable insight into the activities and requirements of the providers of health care services and products that receive payments directly or indirectly from our insurance products. These directors bring knowledge of current system operations and experience with medical best practices that are valuable not only for current operations, but also for future strategic initiatives.

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Board and Committee Membership (continued)

Marketing and Public Relations	Directors with experience in these areas provide important skills and information to us as we deal with increased public disclosure requirements and media attention on health care and other public policy issues. They can assist us in focusing our communications to effectively present our positions. Also, directors with experience dealing with consumers, particularly in the areas of developing, marketing and selling products and services to consumers, assist us with identifying changing market conditions and consumer trends and buying habits, because they understand consumer needs.
Information Technology	Directors with an understanding of information technology can help us focus our efforts in this important area. They are able to provide oversight of our efforts to improve efficiency and productivity through the use of new technologies in providing our products and services.
Regulatory and Government	Directors with regulatory or government experience, whether as members of government or through extensive interactions with state or federal governmental agencies, are able to recognize, identify and understand the key issues facing us as a highly-regulated entity.
Environmental, Social and Governance (“ESG”)	Directors who have worked with non-profit entities or have led projects designed to benefit society bring to us an understanding of the need to conduct business without harm to society, which could in turn, harm our reputation and decrease our long-term sustainability. They are able to provide insights to assist us in achieving our purpose of transforming health care with trusted and caring solutions. Directors with governance experience can help us focus our efforts on maintaining strong corporate governance practices.
Diversity	Directors who are diverse in gender, race, age and geographic location bring different perspectives, backgrounds and life experiences that can foster innovative ideas to meet the needs of our customers, providers, shareholders and the communities we serve.

Each of our directors’ specific skills and experiences are included in the table below and described more fully in their individual biographies. However, the fact that we do not list a particular skill or experience for a director does not mean that the director does not possess that particular skill or experience.

Directors	Insurance CEO/COO	Finance	Health Care Industry	Marketing/ Public Relations	Information Technology	Regulatory/ Government	Environmental, Social & Governance (ESG)	Diversity
Gail K. Boudreaux								
R. Kerry Clark								
Robert L. Dixon, Jr.								
Lewis Hay, III								
Julie A. Hill								
Bahija Jallal								
Antonio F. Neri								

Ramiro G.
Peru
George A.
Schaefer, Jr.
Joseph R.
Swedish
Elizabeth E.
Fallett

The Governance Committee, in recommending the nominees for election as directors and in concluding that the continuing directors should serve as directors, considered the items set forth above. The Governance Committee believes that each director and director nominee possesses the judgment and integrity necessary

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Board and Committee Membership (continued)

to make independent decisions and a willingness to devote adequate time to Board duties. In addition, the Governance Committee believes that each director and director nominee brings his or her own particular experiences and set of skills, giving the Board, as a whole, competence and experience in a wide variety of areas. Additional biographical and other information concerning the qualifications, skills and experience of the directors and nominees for director can be found under “Proposal No. 1 – Election of Directors - Nominees for Director” and “- Directors Continuing in Office.”

Communications with the Board

Individuals may communicate with the Board by submitting an e-mail to our Board at this address: boardofdirectors@anthem.com. Communications that are intended specifically for non-management directors or any individual director should be sent to the e-mail address above to the attention of the Lead Director. Individuals may also communicate with the Board by submitting a letter to our Secretary at Anthem, Inc., 120 Monument Circle, Mail No. IN0102 B381, Indianapolis, Indiana 46204.

In addition, individuals may communicate with the Chair of the following committees by submitting an e-mail to:

- Chair of the Audit Committee: auditchair@anthem.com
- Chair of the Compensation Committee: compensationchair@anthem.com
- Chair of the Governance Committee: governancechair@anthem.com

The process for collecting and organizing communications, as well as similar or related activities, has been approved by our independent directors. Communications are distributed to the Board, or to any individual directors as appropriate, depending on the facts and circumstances outlined in the communication. In that regard, the Board has requested that certain items which are unrelated to the duties and responsibilities of the Board should be excluded, such as spam, junk mail and mass mailings, medical claims inquiries, new product suggestions, resumes and other forms of job inquiries, surveys, and business solicitations or advertisements. In addition, material that is unduly hostile, threatening, illegal or similarly unsuitable will be excluded, with the provision that any such unsuitable communication is made available to any director upon request.

Board Attendance at Annual Meeting of Shareholders

Our policy is that Board members are expected to attend each annual meeting of shareholders. With the exception of our three Board members who joined the Board after our 2017 annual meeting, all members of the Board attended our 2017 annual meeting of shareholders.

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Review and Approval of Transactions with Related Persons

Policy

The Board has adopted a written policy and procedures for review, approval and monitoring of transactions involving us and “related persons” (directors and executive officers, shareholders owning five percent or greater of our outstanding common stock, or their immediate family members). The policy covers any transaction in which we are a participant that involves amounts exceeding \$120,000 in any calendar year and in which a related person has or will have a direct or indirect interest (other than solely as a result of being a director or a less than ten percent beneficial owner of another entity).

Related person transactions must be approved or ratified by the Governance Committee of the Board. In considering the transaction, the Governance Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances and the extent of the related person’s interest in the transaction. The policy includes several categories of standing pre-approved transactions, including, but not limited to, transactions involving competitive bids, certain banking-related services and certain transactions involving amounts not in excess of the greater of \$1 million or 2% of the other company’s total annual gross revenues. The Governance Committee periodically reviews and assesses on-going transactions to confirm that the transactions comply with the Governance Committee’s guidelines and remain appropriate.

Current Transactions

Dr. William Long, the brother-in-law of R. Kerry Clark, one of our Directors, is the physician owner of a medical provider that serves our members in New York. Anthem and its subsidiaries paid this provider approximately \$430,000 for services provided to individuals covered by Anthem for the year ended December 31, 2017. Mr. Clark has no ownership interest in this provider and is not involved with the provider-payer arrangement between Anthem and the provider. In addition, the amounts paid to this provider are pursuant to a standard fee schedule for all similarly situated providers in New York. The Governance Committee approved and continues to monitor this arrangement consistent with the above policy.

In the ordinary course of business, we may, from time to time, engage in transactions with other companies whose officers or directors are also our directors. Transactions with such companies are conducted on an arm’s length basis, and in 2017, all of these transactions came within the pre-approval procedures of the Governance Committee consistent with the above policy.

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Standards of Ethical Business Conduct

We have adopted Standards of Ethical Business Conduct (the “Code”) for our directors, executive officers and other associates. The purpose of the Code is to focus on areas of ethical risk, provide guidance in recognizing and dealing with ethical issues, provide mechanisms to report unethical conduct and help foster a culture of honesty and integrity. The Code is posted on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents.”

Everyone is required to act in accordance with the requirements of the Code. Waivers of the Code for any director, our Chair, our President and Chief Executive Officer, our Chief Financial Officer and our other executive officers may only be made by the Board or by a Board committee composed of independent directors. Any such waiver and any amendment to the Code will be posted on our website at www.antheminc.com under “Investors — Corporate Governance — Governance & Corporate Documents” and otherwise disclosed as required by law. During 2017, there were no waivers of the Code for any of our directors, our Chair, our President and Chief Executive Officer, our Chief Financial Officer or any of our other executive officers.

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Compensation of Non-Employee Directors

2017 Compensation of Non-Employee Directors

The compensation of our non-employee directors is paid in the form of annual retainers for Board members and Committee Chairs and annual stock awards. An annual retainer is also paid when the Chair of the Board is not an employee or there is an independent Lead Director.

In May 2017, the Governance Committee, based on the recommendations of CAP, approved the following changes to the compensation paid to our non-employee directors:

- the annual cash retainer was increased from \$95,000 to \$125,000;
- the annual cash retainer paid to the Chair of the Audit Committee was increased from \$25,000 to \$30,000;
- the annual cash retainer paid to the Chairs of the Compensation and Governance Committees was increased from \$15,000 to \$20,000;
- the annual cash retainers paid to members of the Audit, Compensation and Governance Committees were eliminated; and
- the annual cash retainer paid to our Lead Director was increased from \$30,000 to \$35,000.

Commencing in May 2017, compensation for non-employee directors was as follows:

Compensation Element	2017
Annual Retainer (Cash Portion)	\$ 125,000
Annual Retainer (Company Stock Portion)	\$ 175,000
Annual Committee Chair Retainers	
• Audit Committee	\$ 30,000
• Compensation and Governance Committees	\$ 20,000
Annual Retainer for Non-Executive Chair of the Board, if any	\$ 225,000
Annual Retainer for Lead Director, if any	\$ 35,000

The compensation actually paid to our non-employee directors for service during 2017 was as follows(1):

Name	Fees Earned or Paid in Cash (\$) (2)	Stock Awards (\$) (3)	All Other Compensation (\$) (4)	Total (\$)
R. Kerry Clark	\$ 123,182 (5)	\$ 174,923	\$ 10,000	\$ 308,105
Robert L. Dixon, Jr.	\$ 121,286	\$ 174,923	\$ 26,441	\$ 322,650
Lewis Hay, III	\$ 139,390	\$ 174,923	\$ 1,850	\$ 316,163
Julie A. Hill	\$ 123,182	\$ 174,923	\$ 36,441	\$ 334,546
Ramiro G. Peru	\$ 151,286	\$ 174,923	\$ 26,441	\$ 352,650
William J. Ryan	\$ 43,600	\$ —	\$ 26,411	\$ 70,011
George A. Schaefer, Jr.	\$ 169,555	\$ 174,923	\$ 36,441	\$ 380,919
Elizabeth E. Tallett	\$ 143,181	\$ 174,923	\$ 6,500	\$ 324,604

- (1) Employee directors do not receive any compensation for their service as a director. Mr. Swedish's and Ms. Boudreaux's compensation for 2017 is shown in the Summary Compensation Table on page 53. William J. Ryan retired from the Board in 2017. Mr. Neri did not receive any compensation in 2017, as payment for his services as a non-employee director during December 2017 were paid in 2018. Ms. Jallal joined the Board in February 2018.
- (2) In addition to annual Board and committee retainer fees, amounts include \$76.90 paid in cash to each non-employee director then serving or elected at the 2017 annual meeting of shareholders, which represents cash payments in lieu of issuing fractional shares in connection with the annual grant of phantom shares of our common stock received on the date of our annual meeting of shareholders.
- (3) The amounts in this column reflect the grant date fair value of stock awards issued to each non-employee director during the year ended December 31, 2017, in accordance with Accounting Standards Codification Topic 718, "Compensation — Stock Compensation" ("ASC Topic 718"). Each non-employee director then serving received 990 deferred shares of our common stock for the annual retainer grant of shares of our common stock on the date of our annual meeting of shareholders (May 18, 2017). The deferred shares will be converted into common stock upon the lapse of the deferral period. See also "Compensation of Non-Employee Directors — Board Equity Compensation and Stock Ownership Guidelines." The grant date fair value for the 2017 stock awards is calculated by multiplying the closing price of our common stock on the NYSE on the date of grant by the number of shares in the stock award. As of December 31, 2017, each non-employee director then serving had the following number of deferred shares under our Board of Directors' Deferred Compensation Plan ("Board Deferred Compensation Plan") for all years of service as a director:

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Compensation of Non-Employee Directors (continued)

Director	Deferred Shares (as of 12/31/17)
R. Kerry Clark	5,056
Robert L. Dixon, Jr.	7,304
Lewis Hay, III	6,923
Julie A. Hill	35,322
Antonio F. Neri	—
Ramiro G. Peru	7,304
George A. Schaefer, Jr.	7,304
Elizabeth E. Tallett	6,308

No directors currently have any stock options outstanding. The deferred shares for each current director are included in the Security Ownership of Certain Beneficial Owners and Management — Stock Held by Directors, Nominees and Executive Officers table on page 167.

⁽⁴⁾ Includes: (i) matching charitable contributions made by the Anthem Foundation on behalf of Messrs. Clark, Hay and Schaefer, Mses. Hill and Tallett (see “— Matching Gift Program”) and (ii) dividend equivalents paid on directors’ deferred shares that vested in 2017 of \$26,441 each to Messrs. Dixon, Peru, Ryan and Schaefer and Ms. Hill. This column does not include perquisites received by a director to the extent the amount of all such perquisites received by such director was less than \$10,000.

⁽⁵⁾ All of Mr. Clark’s 2017 compensation was deferred by him pursuant to the Board Deferred Compensation Plan, other than the \$76.90 paid in cash in lieu of a fractional share.

Anthem Board of Directors’ Deferred Compensation Plan

Cash fees paid to directors may be deferred under the Board Deferred Compensation Plan, which provides a method of deferring payment until a date selected by the director. Deferred cash fees accrue interest at a declared interest rate, which is determined on January 1 of each year and is the average of the 10 year U.S. Treasury Note monthly average rates for the 12 month period ending on September 30 of the previous year, plus 150 basis points, but not to exceed 120% of the applicable federal long-term rate, with compounding. Fees paid to non-employee directors in our common stock may also be deferred under the Board Deferred Compensation Plan for a period longer than the minimum deferral period discussed below, with the cash dividends accruing during the deferral period and paid in cash at the end of the deferral period. Fees paid in stock and deferred under the Board Deferred Compensation Plan are distributed in stock pursuant to their election under the plan.

Board Equity Compensation and Stock Ownership Guidelines

For 2017, each non-employee director then serving or elected at the annual meeting of shareholders received, subject to the deferral described below, an annual grant, on the date of our annual meeting of shareholders, of the number of shares of our common stock equal to \$175,000 with the amount of any fractional share paid in cash. In 2017, each such non-employee director received 990 deferred shares based on the market price of \$176.69 per share pursuant to this grant. Each annual grant of common stock is deferred for a minimum of five years from the date of grant (or in

the case of grants made after the annual meeting of shareholders, five years from the date of the annual meeting of shareholders that immediately precedes the date of grant). The shares of common stock, along with the cash dividends accrued thereon, will not be distributed until the earlier of the expiration of such deferral period or the date on which a director ceases to be a member of the Board.

In addition, each non-employee director has an obligation to own at least \$500,000 of our common stock by no later than the fifth anniversary of the date such director became a member of the Board. As of December 31, 2017, each non-employee director owned stock in excess of the stock ownership requirements except Mr. Neri and Ms. Jallal, who joined the Board in December 2017 and February 2018, respectively.

Matching Gift Program

Directors are eligible to participate in the Anthem Foundation matching gift program. Under this program, the foundation matches 100% of charitable donations to qualified entities up to a maximum of \$10,000 per year for each director.

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Security Ownership of Certain Beneficial Owners and Management

Stock Held by 5% or More Beneficial Owners

The following table and notes provide information about each person known by us to own beneficially more than five percent of our common stock as of February 1, 2018, except as otherwise indicated.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
BlackRock, Inc.(1)	22,743,378	8.8 %
T. Rowe Price Associates, Inc.(2)	16,869,167	6.5 %
The Vanguard Group(3)	17,803,582	6.9 %

- (1) The amount shown and the following information were provided by BlackRock, Inc. (“BlackRock”) pursuant to a Schedule 13G/A filed with the SEC on February 8, 2018, indicating beneficial ownership as of December 31, 2017. In such filing BlackRock lists its address as 55 East 52nd Street, New York, NY 10055. BlackRock is a parent holding company or control person and has (a) sole power to dispose of or direct the disposition of 22,743,378 shares of our common stock; and (b) sole power to vote or direct the vote of 19,742,339 shares of our common stock.
- (2) The amount shown and the following information were provided by T. Rowe Price Associates, Inc. (“T. Rowe”) pursuant to a Schedule 13G/A filed with the SEC on February 14, 2018, indicating beneficial ownership as of December 31, 2017. In such filing T. Rowe lists its address as 100 E. Pratt Street, Baltimore, MD 21202. T. Rowe is a registered investment advisor and has (a) sole power to dispose of or direct the disposition of 16,869,167 shares of our common stock and (b) sole power to vote or direct the vote of 5,483,756 shares of our common stock.
- (3) The amount shown and the following information were provided by The Vanguard Group (“Vanguard”) pursuant to a Schedule 13G/A filed with the SEC on February 12, 2018, indicating beneficial ownership as of December 31, 2017. In such filing Vanguard lists its address as 100 Vanguard Boulevard, Malvern, PA 19355. Vanguard is a registered investment advisor and has (a) sole power to dispose of or direct the disposition of 17,389,389 shares of our common stock; (b) shared power to dispose of or direct the disposition of 414,193 shares of our common stock; (c) sole power to vote or direct the vote of 364,147 shares of our common stock and (d) shared power to vote or direct the vote of 61,600 shares of our common stock.

Stock Held by Directors, Nominees and Executive Officers

Except as otherwise noted, the following table sets forth the number of shares of our common stock beneficially owned as of February 1, 2018, by:

- each of our directors or nominees,
- each of our CEO, CFO and the three other most highly compensated executive officers during 2017 and any former executive officers required to be disclosed by SEC rules (collectively, the “NEOs”), and
- all current directors and executive officers as a group.

Except as otherwise indicated below, each individual directly owns such shares of common stock and has sole investment and sole voting power. In addition, unless otherwise indicated, the address for each person named below is c/o Anthem, Inc., 120 Monument Circle, Indianapolis, IN 46204. The table includes shares that may be purchased

pursuant to stock options that are currently exercisable or exercisable within 60 days of February 1, 2018 (“exercisable options”) and shares of common stock underlying unvested restricted stock units and unvested performance stock units that will vest within 60 days of February 1, 2018 (“vested restricted

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Security Ownership of Certain Beneficial Owners and Management (continued)

stock units” and “vested performance stock units,” respectively). As of February 1, 2018, 267,726,991 shares of our common stock were issued and outstanding.

Name	Number of Shares Owned (1)	Number of Shares Supplementally Owned (2)	Total Number of Shares Beneficially Owned	Percent of Class
R. Kerry Clark	0	5,056	5,056	*
Robert L. Dixon, Jr.	2,681	7,304	9,985	*
Lewis Hay, III	0	6,923	6,923	*
Julie A. Hill	0	35,322	35,322	*
Bahija Jallal	0	204	204	*
Antonio F. Neri	0	341	341	*
Ramiro G. Peru	6,267	7,304	13,571	*
George A. Schaefer, Jr.	30,807	7,304	38,111	*
Elizabeth E. Tallett	0	6,308	6,308	*
Gail K. Boudreaux(3)	60	0	60	*
John E. Gallina	42,521	6,732	49,253	*
Brian T. Griffin(4)	97,573	9,551	107,124	*
Peter D. Haytaian	108,138	21,525		