

WELLPOINT INC
Form 8-K
September 11, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): September 10, 2008

WELLPOINT, INC.

(Exact name of registrant as specified in its charter)

Indiana
(State or other jurisdiction
of incorporation)

001-16751
(Commission File Number)

120 Monument Circle

35-2145715
(IRS Employer
Identification No.)

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Indianapolis, IN 46204

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (317) 488-6000

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Section 7 Regulation FD

Item 7.01 Regulation FD Disclosure

WellPoint, Inc. (WellPoint) hereby reaffirms its guidance for full year 2008 net income to be in the range of \$5.42 - \$5.57 per share, which was given in a press release and conference call on July 23, 2008. A copy of the press release was attached as Exhibit 99.1 to the Form 8-K furnished by WellPoint to the Securities and Exchange Commission on July 23, 2008. Officers of WellPoint expect to speak with securities analysts and investors during the period commencing on September 11, 2008 and ending on September 24, 2008. During these discussions, the officers expect to reaffirm WellPoint's net income guidance as set forth above.

None of the information furnished in this Item 7.01 shall be deemed to be filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended. None of the information furnished in this Item 7.01 shall be incorporated by reference in any filing under the Securities Act of 1933, as amended.

Section 8 Other Events

Item 8.01 Other Events

WellPoint holds Fannie Mae and Freddie Mac perpetual preferred stock with a cost basis of approximately \$243 million. Such preferred stocks are classified as available-for-sale in WellPoint's investment portfolio and have declined in aggregate value by approximately \$214 million based on market values as of September 8, 2008. These securities are subject to WellPoint's quarterly investment impairment review procedures as of September 30, 2008 and are anticipated to result in an other-than-temporary impairment charge. The precise amount of other-than-temporary impairments that may be incurred on these securities in the third quarter is difficult to determine, given the significant volatility being experienced in the market values of these securities.

Despite the anticipated third quarter other-than-temporary impairments related to the Fannie Mae and Freddie Mac perpetual preferred stock, WellPoint is reaffirming its guidance for full year 2008 net income as set forth in Item 7.01 above. As previously disclosed, WellPoint has been in discussions with federal and state taxing authorities. WellPoint has entered into settlement agreements in the third quarter. It is anticipated that the settlement agreements will result in reserve releases in the third quarter offsetting the Fannie Mae and Freddie Mac perpetual preferred stock other-than-temporary impairments.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

WellPoint and its representatives may from time to time make written and oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA), including statements in this report, in presentations, press releases, filings with the Securities and Exchange Commission, or SEC, and reports to shareholders and in meetings with analysts and investors. The projections referenced in this report are forward-looking and they are intended to be covered by the safe harbor for forward-looking

statements provided by PSLRA. Words such as expect(s) , feel(s) , believe(s) , will , may , anticipate(s) , intend , estimate , project and other similar expressions are intended to identify forward-looking statements, which generally are not historical in nature. These statements include, but are not limited to, financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: those discussed and identified in our public filings with the SEC; increased government regulation of health benefits, managed care and pharmacy benefit management operations; trends in health care costs and utilization rates; our ability to secure sufficient premium rate increases; our ability to contract with providers consistent with past practice; competitor pricing below market trends of increasing costs; reduced enrollment, as well as a negative change in our health care product mix; risks and uncertainties regarding the Medicare Part C and Part D Prescription Drug benefits programs, including potential uncollectability of receivables resulting from processing and/or verifying enrollment (including facilitated enrollment), inadequacy of underwriting assumptions, inability to receive and process correct information, uncollectability of premium from members, increased medical or pharmaceutical costs, and the underlying seasonality of the business; a downgrade in our financial strength ratings; litigation and investigations targeted at health benefits companies and our ability to resolve litigation and investigations within estimates; our ability to meet expectations regarding repurchases of shares of our common stock; funding risks with respect to revenue received from participation in Medicare and Medicaid programs; non-compliance with the complex regulations imposed on Medicare and Medicaid programs; events that result in negative publicity for the health benefits industry; failure to effectively maintain and modernize our information systems and e-business organization and to maintain good relationships with third party vendors for information system resources; events that may negatively affect our license with the Blue Cross and Blue Shield Association; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; intense competition to attract and retain employees; unauthorized disclosure of member sensitive or confidential information; changes in the economic and market conditions, as well as regulations, applicable to our investment portfolios; possible restrictions in the payment of dividends by our subsidiaries and increases in required minimum levels of capital and the potential negative affect from our substantial amount of outstanding indebtedness; general risks associated with mergers and acquisitions; various laws and our governing documents may prevent or discourage takeovers and business combinations; future bio-terrorist activity or other potential public health epidemics; and general economic downturns. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by federal securities law, we do not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. Readers are also urged to carefully review and consider the various disclosures in our SEC reports.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: September 10, 2008

WELLPOINT, INC.

By: /s/ John Cannon

Name: John Cannon

Title: Executive Vice President and General Counsel