

WELLPOINT INC
Form S-4/A
March 14, 2005
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As filed with the Securities and Exchange Commission on March 14, 2005

Registration No. 333-123217

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 1

to

FORM S-4

REGISTRATION STATEMENT

Under

THE SECURITIES ACT OF 1933

WellPoint, Inc.

(Exact Name of Registrant as Specified in Its Charter)

Indiana
(State or Other Jurisdiction of
Incorporation or Organization)

6324
(Primary Standard Industrial
Classification Code Number)

35-2145715
(I.R.S. Employer
Identification Number)

120 Monument Circle

Indianapolis, Indiana 46204

(317) 488-6000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

David R. Frick, Esq.

Executive Vice President and Chief Legal and Administrative Officer

WellPoint, Inc.

120 Monument Circle

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Indianapolis, Indiana 46204

(317) 488-6000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

With Copies to:

Daniel G. Dufner, Jr., Esq.

Kevin Keogh, Esq.

White & Case LLP

1155 Avenue of the Americas

New York, New York 10036

(212) 819-8200

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

CALCULATION OF REGISTRATION FEE

Title Of Each Class Of Securities To Be Registered	Amount To Be Registered	Proposed Maximum Offering Price Per Note	Proposed Maximum Aggregate Offering Price (1)	Amount Of Registration Fee (2)
3.750% Notes due 2007	\$ 300,000,000	100%	\$300,000,000	\$ 35,310
4.250% Notes due 2009	\$ 300,000,000	100%	\$300,000,000	\$ 35,310
5.000% Notes due 2014	\$ 500,000,000	100%	\$500,000,000	\$ 58,850
5.950% Notes due 2034	\$ 500,000,000	100%	\$500,000,000	\$ 58,850
Total	\$ 1,600,000,000			\$ 188,320

(1) Estimated solely for the purposes of calculating the registration fee in accordance with Rule 457 under the Securities Act.

(2) Fee previously paid.

The registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with section 8(a) of the Securities Act or until this Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED MARCH 14, 2005

PROSPECTUS

WellPoint, Inc.

Offers to Exchange

**up to \$300,000,000 of its 3.750% Notes due 2007,
that have been registered under the Securities Act of 1933,
for all of its outstanding 3.750% Notes due 2007**

and

**up to \$300,000,000 of its 4.250% Notes due 2009,
that have been registered under the Securities Act of 1933,
for all of its outstanding 4.250% Notes due 2009**

and

**up to \$500,000,000 of its 5.000% Notes due 2014,
that have been registered under the Securities Act of 1933,
for all of its outstanding 5.000% Notes due 2014**

and

up to \$500,000,000 of its 5.950% Notes due 2034,
that have been registered under the Securities Act of 1933,
for all of its outstanding 5.950% Notes due 2034

Subject to the terms and conditions described in this prospectus

The exchange offer will expire at 5:00 p.m. Eastern Standard Time on •, 2005 unless extended

The Notes

We are offering to exchange, upon the terms and conditions of this prospectus and the accompanying letter of transmittal, our new notes for all of our outstanding existing notes. We refer to our outstanding 3.750% notes due 2007, 4.250% notes due 2009, 5.000% notes due 2014 and 5.950% notes due 2034 as the existing notes and to the new 3.750% notes due 2007 (the new 2007 notes), 4.250% notes due 2009 (the new 2009 notes), 5.000% notes due 2014 (the new 2014 notes) and 5.950% notes due 2034 (the new 2034 notes) issued in this offer collectively referred to as the new notes. The new notes are substantially identical to the existing notes that we issued on December 9, 2004, except for certain transfer restrictions and registration rights provisions relating to the existing notes.

Material Terms of the Exchange Offer

You will receive an equal principal amount of new notes for all existing notes that you validly tender and do not validly withdraw.

The exchange will not be a taxable exchange for United States federal income tax purposes.

There has been no public market for the existing notes and we cannot assure you that any public market for the new notes will develop. We do not intend to list the new notes on any national securities exchange or any automated quotation system.

Consider carefully the Risk Factors beginning on page 7 of this prospectus

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined that the prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is •, 2005.

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The information contained in this prospectus was obtained from us and other sources believed by us to be reliable. This prospectus also incorporates important business and financial information about us that is not included in or delivered with this prospectus. The documents containing this information are listed under the sections entitled Incorporation of Certain Documents By Reference and Where You Can Find More Information. We will provide a copy of any and all of these documents to you by first-class mail, without charge, upon written or oral request. **Any request for documents should be made by •, 2005, which is five business days before the expiration date of the exchange offer.** Requests for documents should be directed to:

WellPoint, Inc.

120 Monument Circle

Indianapolis, Indiana 46204

Attention: Corporate Secretary

(800) 985-0999

You should rely only on the information contained or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. We are not making an offer to exchange or exchanging these new notes in any jurisdiction where the exchange offer or exchange is not permitted. You should assume that the information contained or incorporated by reference in this prospectus is accurate only as of its respective date.

In deciding whether to exchange your existing notes in the exchange offer, you must rely on your own examination of us and the terms of the exchange offer, including the merits and risks involved. You should not construe anything in this prospectus as legal, business or tax advice. You should consult your own advisors as needed to make your decision whether to exchange your existing notes in the exchange offer and to determine whether you are legally permitted to participate in the exchange offer under applicable laws or regulations. Investors should be aware that they may be required to bear the financial risks of the new notes for an indefinite period of time.

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SUMMARY

This summary highlights selected information contained in greater detail elsewhere, or incorporated by reference, in this prospectus. As a result, it does not contain all of the information that you should consider before deciding to participate in the exchange offer. You should read the entire prospectus carefully, including the Risk Factors and Cautionary Statement Regarding Forward-Looking Statements sections, and the documents incorporated by reference in this prospectus. Unless the context requires otherwise, references to the terms WellPoint, we, us or our refer to WellPoint, Inc., or WellPoint, Inc. and its direct and indirect subsidiaries, as the context requires, in each case following the merger, between WellPoint Health Networks Inc. and Anthem Holding Corp., described below.

WellPoint

We are the nation's largest publicly traded commercial health benefits company in terms of membership in the United States. We served more than 27 million medical members in thirteen states as of December 31, 2004. Our markets include California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri (excluding 30 counties in the Kansas City area), Nevada, New Hampshire, Ohio, Virginia (excluding the immediate suburbs of Washington, D.C.), and Wisconsin. We own the exclusive right to market our products and services using the Blue Cross® and/or Blue Shield®, or BCBS, names and marks in all thirteen states under license agreements with the Blue Cross Blue Shield Association, or BCBSA, an association of independent Blue Cross and Blue Shield plans. We seek to be a leader in the health benefits industry by offering a broad selection of flexible and competitively priced health benefits products.

The Merger

On October 27, 2003, Anthem, Inc., or Anthem, and WellPoint Health Networks Inc., or WHN, announced that they had entered into a definitive agreement and plan of merger, or merger agreement, pursuant to which WHN would merge into a wholly-owned subsidiary of Anthem. On November 30, 2004, WHN merged with and into Anthem Holding Corp., an Indiana corporation and a direct wholly-owned subsidiary of Anthem, with Anthem Holding Corp. as the surviving entity in the merger. In connection with the merger, Anthem amended its articles of incorporation to change its name to WellPoint, Inc. In addition, the ticker symbol for Anthem's common stock listed on the New York Stock Exchange was changed to WLP.

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The Exchange Offer

The exchange offer relates to the exchange of up to (i) \$300,000,000 aggregate principal amount of outstanding 3.750% notes due 2007 (the existing 2007 notes), (ii) \$300,000,000 aggregate principal amount of outstanding 4.250% notes due 2009 (the existing 2009 notes), (iii) \$500,000,000 aggregate principal amount of outstanding 5.000% notes due 2014 (the existing 2014 notes) and (iv) \$500,000,000 aggregate principal amount of outstanding 5.950% notes due 2034 (the existing 2034 notes), in each case for an equal aggregate principal amount of the new notes. The form and terms of the new notes will be identical in all material respects to the form and terms of the corresponding outstanding existing notes, except that the new notes will be registered under the Securities Act of 1933 (the Securities Act), and therefore they will not bear legends restricting their transfer.

The Exchange Offer

We are offering to exchange \$2,000 principal amount of our new notes of each series that we have registered under the Securities Act for each \$2,000 principal amount of outstanding existing notes of the corresponding series. In order for us to exchange your existing notes, you must validly tender them to us and we must accept them. We will exchange all outstanding existing notes that are validly tendered and not validly withdrawn.

Resale of the New Notes

Based on interpretations by the staff of the Securities and Exchange Commission (the SEC) set forth in no-action letters issued to other parties, we believe that you may offer for resale, resell and otherwise transfer your new notes without compliance with the registration and prospectus delivery provisions of the Securities Act if you are not our affiliate and you acquire the new notes issued in the exchange offer in the ordinary course of your business.

You must also represent to us that you are not participating, do not intend to participate and have no arrangement or understanding with any person to participate in the distribution of the new notes we issue to you in the exchange offer.

Each broker dealer that receives new notes in the exchange offer for its own account in exchange for existing notes that it acquired as a result of market making or other trading activities must acknowledge that it will deliver a prospectus meeting the requirements of the Securities Act in connection with any resale of the new notes issued in the exchange offer. You may not participate in the exchange offer if you are a broker dealer who purchased such outstanding existing notes directly from us for resale pursuant to Rule 144A or any other available exemption under the Securities Act.

Expiration Date

The exchange offer will expire at 5:00 p.m., Eastern Standard Time, ●, 2005, unless we decide to extend the expiration date. We may extend the expiration date for any reason. If we fail to consummate the exchange offer, you will have certain rights against us under the registration rights agreement that we entered into as part of the offering of the existing notes.

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CUSIP Numbers	For the existing 2007 notes: 94973V AA 5 and U94887 AA 1 For the existing 2009 notes: 94973V AB 3 and U94887 AB 9 For the existing 2014 notes: 94973V AC 1 and U94887 AC 7 For the existing 2034 notes: 94973V AD 9 and U94887 AD 5
Special procedures for beneficial owners	If you are the beneficial owner of existing notes and you registered your existing notes in the name of a broker or other institution, and you wish to participate in the exchange, you should promptly contact the person in whose name you registered your existing notes and instruct that person to tender the existing notes on your behalf. If you wish to tender on your own behalf, you must, prior to completing and executing the letter of transmittal and delivering your outstanding existing notes, either make appropriate arrangements to register ownership of the outstanding existing notes in your name or obtain a properly completed bond power from the registered holder. The transfer of record ownership may take considerable time.
Guaranteed delivery procedures	If you wish to tender your existing notes and time will not permit your required documents to reach the exchange agent by the expiration date, or you cannot complete the procedure for book entry transfer on time or you cannot deliver your certificates for registered existing notes on time, you may tender your existing notes pursuant to the procedures described in this prospectus under the heading "The Exchange Offer - How to use the guaranteed delivery procedures if you will not have enough time to send all documents to us."
Withdrawal Rights	You may withdraw the tender of your existing notes at any time before 5:00 p.m., Eastern Standard Time, on ●, 2005, the business day before the expiration date.
Certain United States federal income tax consequences	An exchange of existing notes for new notes will not be subject to United States federal income tax. See "Certain U.S. Federal Tax Considerations."
Use of Proceeds	We will not receive any proceeds from the issuance of new notes pursuant to the exchange offer. Existing notes that are validly tendered and exchanged will be retired and canceled. We will pay all expenses incident to the exchange offer.
Exchange Agent	You can reach The Bank of New York Trust Company, N.A., the Exchange Agent, at the address set forth on the back cover of this prospectus. For more information with respect to the exchange offer, you may call the exchange agent on (212) 815-5920; the fax number for the exchange agent is (212) 298-1915.

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Summary of the Terms of the New Notes

The form and terms of each series of new notes will be substantially identical to the form and terms of the corresponding series of existing notes, except that the new notes will be registered under the Securities Act, and therefore the new notes will not bear legends restricting their transfer. The new notes will be entitled to the benefits of the indenture. See Description of the New Notes.

Issuer	WellPoint, Inc.
Securities Offered	\$300,000,000 aggregate principal amount of new 3.750% notes due 2007, \$300,000,000 aggregate principal amount of new 4.250% notes due 2009, \$500,000,000 aggregate principal amount of new 5.000% notes due 2014, and \$500,000,000 aggregate principal amount of new 5.950% notes due 2034.
Maturity	For the new 2007 notes: December 14, 2007. For the new 2009 notes: December 15, 2009. For the new 2014 notes: December 15, 2014. For the new 2034 notes: December 15, 2034.
Interest Rate	For the new 2007 notes: 3.750% per year. For the new 2009 notes: 4.250% per year. For the new 2014 notes: 5.000% per year. For the new 2034 notes: 5.950% per year.
Interest payment dates	For the new 2007 notes, semi-annually on June 14 and December 14 of each year, starting on June 14, 2005. For the new 2009 notes, the new 2014 notes and the new 2034 notes, semi-annually on June 15 and December 15 of each year, starting on June 15, 2005.
	Each of the new notes will bear interest from December 9, 2004 and, if we accept your existing notes for exchange, you will waive the right to have interest accrue, or to receive any payment in respect to interest, on the existing notes from December 9, 2004 to the date of issuance of the new notes.
Optional Redemption	We may redeem prior to maturity all or a part of the new 2009 notes, the new 2014 notes and the new 2034 notes in whole at any time and in part from time to time, at our option, at a redemption price equal to the greater of (1) 100% of the aggregate principal amount of the new notes of such series being redeemed and (2) the sum of the remaining scheduled payments of principal and interest in respect of the new notes being redeemed (not including any portion of the payments of interest accrued as of the date of redemption) discounted to its present value, on a semi-annual basis, at the Treasury Rate plus 12.5 basis points in the case of the new 2009 notes, 15 basis points in the case of the new 2014 notes and 20 basis points in the case of the new 2034 notes, plus, in each case, accrued and unpaid interest to the date of redemption. See Description of the New Notes Optional Redemption.

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Ranking	<p>The new notes will be our unsecured and unsubordinated obligations and will rank equally with all of our current and future unsecured and unsubordinated indebtedness, including any borrowings under our senior credit facilities, and senior to all of our future subordinated debt. The new notes will effectively rank junior to any of our future secured indebtedness to the extent of the value of the assets securing such indebtedness. The new notes will not be guaranteed by any of our subsidiaries and will therefore be effectively subordinated to all existing and future liabilities of our subsidiaries. The indenture does not restrict our ability or the ability of our subsidiaries to incur other indebtedness. As of December 31, 2004, we had approximately \$4.4 billion of indebtedness outstanding, of which approximately \$918.1 million consisted of indebtedness of our subsidiaries, of which approximately \$848.5 million was WHN indebtedness assumed in connection with the merger by Anthem Holding Corp., a direct wholly-owned subsidiary of WellPoint.</p>
Sinking fund	<p>None.</p>
Form and denomination of new notes	<p>The new notes of each series will initially be represented by one or more global notes which will be deposited with a custodian for, and registered in the name of, a nominee of The Depository Trust Company, or DTC. Indirect holders trading their beneficial interests in the global notes through DTC must trade in DTC's same-day funds settlement system and pay in immediately available funds. The new notes may only be withdrawn from DTC in the limited situations described below under "Description of the New Notes Form and Denominations" Definitive New Notes.</p>
Registration Rights	<p>Pursuant to a registration rights agreement among us and the initial purchasers of the existing notes, we agreed:</p> <p style="padding-left: 40px;">to file a registration statement with the SEC within 90 days of December 9, 2004 (i.e., by March 9, 2005);</p> <p style="padding-left: 40px;">to use every reasonable effort to cause the exchange offer registration statement to be declared effective by the SEC within 180 days of December 9, 2004 (i.e., by June 7, 2005); and</p> <p style="padding-left: 40px;">to use every reasonable effort to cause the exchange offer to be consummated no later than the 210th day after December 9, 2005 (i.e., by July 7, 2005).</p> <p>We intend the registration statement relating to this prospectus to satisfy these obligations. In certain circumstances, we may be required to file a shelf registration statement to cover resales of the new notes. If we do not comply with certain of our obligations under the registration rights agreement, we will be required to pay additional interest on the new notes. See Registration Rights.</p>

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Risk Factors

Investing in the new notes involves risks. See Risk Factors beginning on page 7 for a description of certain risks you should consider before deciding whether to exchange your existing notes in the exchange offer.

Ratio of Earnings to Fixed Charges

The following table presents our consolidated ratio of earnings for the periods shown.

	For the Years Ended December 31				
	2004	2003	2002	2001	2000
	(\$ in millions, except per share data)				
Earnings:					
Income before income taxes	\$ 1443.3	\$ 1211.9	\$ 802.5	\$ 526.1	\$ 327.3
Interest expense, including amortization of debt discount and expense related to indebtedness	142.3	131.2	98.5	60.2	54.7
Estimated interest portion of rental expense	20.9	17.1	15.8	15.1	21.3
Earnings available for fixed charges	\$ 1606.5	\$ 1360.2	\$ 916.8	\$ 601.4	\$ 403.3
Fixed charges:					
Interest expense, including amortization of debt discount and expense related to indebtedness	\$ 142.3	\$ 131.2	\$ 98.5	\$ 60.2	\$ 54.7
Estimated interest portion of rental expense	20.9	17.1	15.8	15.1	21.3
Total fixed charges	\$ 163.2	\$ 148.3	\$ 114.3	\$ 75.3	\$ 76.0
Ratio of earnings to fixed charges	\$ 9.84	\$ 9.17	\$ 8.02	\$ 7.99	\$ 5.31

For purposes of this computation, earnings are defined as income before income taxes, plus interest expense, including amortization of debt discount and expense related to indebtedness and an estimated interest portion of rental expense. Fixed charges are defined as interest expense, including amortization of debt discount and expense related to indebtedness plus an estimated interest portion of rental expense. Certain prior year amounts have been reclassified to conform to current year presentation.

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RISK FACTORS

Investing in the new notes involves a high degree of risk. You should carefully consider the following risk factors and all other information contained and incorporated by reference in this prospectus before deciding whether to exchange your existing notes in the exchange offer. The risks and uncertainties described below are not the only ones facing us. Additional risks and uncertainties that we are unaware of or that we currently believe to be immaterial, also may become important factors that affect us.

If any of the following events occur, our business, financial condition or results of operations could be materially and adversely affected. In that case, the value of the new notes could decline and you may lose some or all of your investment.

Risks Relating to the Exchange Offer

The trading market for existing notes not exchanged in the exchange offer may be significantly more limited than it is at present.

To the extent that existing notes are tendered and accepted for exchange pursuant to the exchange offer, the trading market for existing notes may be significantly more limited than it is at present. The existing notes have not been registered under the Securities Act and are subject to customary transfer restrictions. In addition, a debt security with a smaller outstanding principal amount available for trading (a smaller float) may command a lower price than would a comparable debt security with a larger float. Therefore, the market price for existing notes that are not tendered and accepted for exchange pursuant to the exchange offer may be affected adversely to the extent that the principal amount of the existing notes exchanged pursuant to the exchange offer reduces the float. A reduced float may also make the trading prices of existing notes that are not exchanged in the exchange offer more volatile.

Risks Relating to the New Notes and Existing Notes

As of December 31, 2004, we had substantial indebtedness outstanding of over \$4 billion and may incur additional indebtedness in the future. As a holding company, we will not be able to repay our indebtedness except through dividends from subsidiaries, some of which are restricted in their ability to pay such dividends under applicable insurance law and undertakings. Such indebtedness could also adversely affect our ability to pursue desirable business opportunities.

As of December 31, 2004, we had substantial indebtedness outstanding of over \$4 billion. We may also incur additional indebtedness in the future. The terms of the indenture under which the new and existing notes are issued does not prohibit us or our subsidiaries from incurring additional indebtedness. Our debt service obligations will require us to use a portion of our cash flow to pay interest and principal on debt instead of for other corporate purposes, including funding future expansion. If our cash flow and capital resources are insufficient to service our debt obligations, we may be forced to seek extraordinary dividends from our subsidiaries, sell assets, seek additional equity or debt capital or restructure our debt. However, these measures might be unsuccessful or inadequate in permitting us to meet scheduled debt service obligations.

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As a holding company, we have no operations and are dependent on dividends from our subsidiaries for cash to fund our debt service and other corporate needs. Our subsidiaries are separate legal entities. Furthermore, our subsidiaries are not obligated to make funds available to us, and creditors of our subsidiaries will have a superior claim to certain of our subsidiaries' assets. State insurance laws restrict the ability of our regulated subsidiaries to pay dividends, and in some states we have made special undertakings that may limit the ability of our regulated subsidiaries to pay dividends. In addition, our subsidiaries' ability to make any payments to us will also depend on their earnings, the terms of their indebtedness, business and tax considerations and other legal restrictions. We cannot assure you that our subsidiaries will be able to pay dividends or otherwise contribute or

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distribute funds to us in an amount sufficient to pay the principal of or interest on the indebtedness owed by us. Indebtedness could also limit our ability to pursue desirable business opportunities, and may affect our ability to maintain an investment grade rating for our indebtedness.

We may also incur future debt obligations that might subject us to restrictive covenants that could affect our financial and operational flexibility. Our breach or failure to comply with any of these covenants could result in a default under our credit agreements. If we default under our credit agreements, the lenders could cease to make further extensions of credit or cause all of our outstanding debt obligations under our credit agreements to become immediately due and payable, together with accrued and unpaid interest. If the indebtedness under the new and existing notes or our credit agreements is accelerated, we may be unable to repay or finance the amounts due.

The new and existing notes are not secured by any of our assets and any secured creditors would have a prior claim on our assets.

The new and existing notes are not secured by any of our assets. The terms of the indenture permit us to incur secured debt. If we become insolvent or are liquidated, or if payment under any of the agreements governing our secured debt is accelerated, the lenders under our secured debt agreements will be entitled to exercise the remedies available to a secured lender under applicable law and pursuant to agreements governing that debt. Accordingly, the lenders will have a prior claim on our assets. In that event, because the new and existing notes are not secured by any of our assets, it is possible that there will be no assets remaining from which claims of the holders of new and existing notes can be satisfied or, if any assets remain, the remaining assets might be insufficient to satisfy those claims in full. As of December 31, 2004, we had no secured debt outstanding.

The new and existing notes are effectively subordinated to the indebtedness of our subsidiaries.

Because we operate as a holding company, our right to participate in any distribution of assets of any subsidiary upon that subsidiary's dissolution, winding-up, liquidation, reorganization or otherwise (and thus the ability of the holders of the new and existing notes to participate indirectly from the distribution) is subject to the prior claims of the creditors of that subsidiary, except to the extent that we are a creditor of the subsidiary and our claims are recognized. Therefore, the new and existing notes are effectively subordinated to all indebtedness and other obligations of our subsidiaries. Our subsidiaries are separate legal entities and have no obligations to pay, or make funds available for the payment of, any amounts due on the new notes. The indenture governing the new and existing notes does not prohibit or limit the incurrence of indebtedness and other liabilities by us or our subsidiaries. The incurrence of additional indebtedness and other liabilities by us or our subsidiaries could adversely affect our ability to pay obligations on the new notes and existing notes. As of December 31, 2004, we had approximately \$4.4 billion of indebtedness outstanding, of which approximately \$918.1 million consisted of indebtedness of our subsidiaries, of which \$848.5 million was WHN indebtedness assumed in connection with the merger by Anthem Holding Corp., a direct wholly-owned subsidiary of WellPoint.

There may be no public market for the new notes.

The new notes will be a new issuance of securities with no established trading market. We cannot assure you that any market for the new notes will develop or, if it does develop, that it will be maintained. If a trading market is established, various factors could have a material adverse effect on the trading of the new notes, including fluctuations in the prevailing interest rates. We do not intend to apply for a listing of any of the new notes on any securities exchange or for quotation through any automated quotation system.

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Risks Relating to the Business of WellPoint

Application of and/or changes in state and federal regulations may adversely affect our business, financial condition and results of operations. As a holding company, we are dependent on dividends from our subsidiaries. Our regulated subsidiaries are subject to state regulations, including restrictions on the payment of dividends and maintenance of minimum levels of capital.

Our insurance, managed health care and health maintenance organization, or HMO, subsidiaries are subject to extensive regulation and supervision by the insurance, managed health care or HMO regulatory authorities of each state in which they are licensed or authorized to do business, as well as to regulation by federal and local agencies. We cannot assure you that future action by regulatory authorities will not have a material adverse effect on the profitability or marketability of our health benefits or managed care products or on our business, financial condition and results of operations. In addition, because of our participation in government-sponsored programs such as Medicare and Medicaid, changes in government regulations or policy with respect to, among other things, reimbursement levels, could also adversely affect our business, financial condition and results of operations. In addition, we cannot assure you that application of the federal and/or state tax regulatory regime that currently applies to us will not, or future tax regulation by either federal and/or state governmental authorities concerning us could not, have a material adverse effect on our business, operations or financial condition.

State legislatures and Congress continue to focus on health care issues. From time to time, Congress has considered various forms of Patients Bill of Rights legislation which, if adopted, could fundamentally alter the treatment of coverage decisions under the Employee Retirement Income Security Act of 1974, as amended, or ERISA. Additionally, there recently have been legislative attempts to limit ERISA's preemptive effect on state laws. If adopted, such limitations could increase our liability exposure and could permit greater state regulation of our operations. Other proposed bills and regulations at state and federal levels may impact certain aspects of our business, including provider contracting, claims payments and processing and confidentiality of health information. While we cannot predict if any of these initiatives will ultimately become effective or, if enacted, what their terms will be, their enactment could increase our costs, expose us to expanded liability or require us to revise the ways in which we conduct business. Further, as we continue to implement our e-business initiatives, uncertainty surrounding the regulatory authority and requirements in this area may make it difficult to ensure compliance.

We are a holding company whose assets include all of the outstanding shares of common stock of our licensed insurance, managed health care and HMO subsidiaries. As a holding company, we depend on dividends from our subsidiaries and their receipt of dividends from our other regulated subsidiaries. Among other restrictions, state insurance, managed health care and HMO laws may restrict the ability of our regulated subsidiaries to pay dividends. Our ability to pay dividends in the future to our shareholders and meet our obligations, including paying operating expenses and debt service on our outstanding and future indebtedness, will depend upon the receipt of dividends from our subsidiaries. An inability of our subsidiaries to pay dividends in the future in an amount sufficient for us to meet our financial obligations may materially adversely affect our business, financial condition and results of operations.

Most of our insurance and HMO subsidiaries are subject to risk-based capital, known as RBC, standards imposed by their states of domicile. These laws are based on the RBC Model Act adopted by the National Association of Insurance Commissioners, or NAIC, and require our regulated subsidiaries to report their results of risk-based capital calculations to various departments of insurance and the NAIC. Failure to maintain the minimum RBC standards could subject our regulated subsidiaries to corrective action, including state supervision or liquidation. Our insurance and HMO subsidiaries are currently in compliance with the risk-based capital or other similar requirements imposed by their respective states of domicile.

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Our inability to contain health care costs, implement increases in premium rates on a timely basis, maintain adequate reserves for policy benefits, maintain our current provider agreements or avoid a downgrade in our ratings may adversely affect our business, financial condition and results of operations.

Our profitability depends in large part on accurately predicting health care costs and on our ability to manage future health care costs through underwriting criteria, medical management, product design and negotiation of favorable provider contracts. The aging of the population and other demographic characteristics and advances in medical technology continue to contribute to rising health care costs. Government-imposed limitations on Medicare and Medicaid reimbursement have also caused the private sector to bear a greater share of increasing health care costs. Changes in health care practices, inflation, new technologies, the cost of prescription drugs, clusters of high cost cases, changes in the regulatory environment and numerous other factors affecting the cost of health care may adversely affect our ability to predict and manage health care costs, as well as our business, financial condition and results of operations.

In addition to the challenge of managing health care costs, we face pressure to contain premium rates. Our customer contracts may be subject to renegotiation as customers seek to contain their costs. Alternatively, our customers may move to a competitor to obtain more favorable premiums. Fiscal concerns regarding the continued viability of programs such as Medicare and Medicaid may cause decreasing reimbursement rates for government-sponsored programs in which we participate. A limitation on our ability to increase or maintain premium levels could adversely affect our business, financial condition and results of operations.

The reserves we establish for health insurance policy benefits and other contractual rights and benefits are based upon assumptions concerning a number of factors, including trends in health care costs, expenses, general economic conditions and other factors. Actual experience will likely differ from assumed experience, and to the extent the actual claims experience is less favorable than estimated based on our underlying assumptions, our incurred losses would increase and future earnings could be adversely affected.

Our profitability is dependent upon our ability to contract on favorable terms with hospitals, physicians and other health care providers. The failure to maintain or to secure new cost-effective health care provider contracts may result in a loss in membership or higher medical costs. In addition, our inability to contract with providers, or the inability of providers to provide adequate care, could adversely affect our business.

Claims-paying ability and financial strength ratings by recognized rating organizations have become an increasingly important factor in establishing the competitive position of insurance companies and health benefits companies. Rating organizations continue to review the financial performance and condition of insurers. Each of the rating agencies reviews its ratings periodically and there can be no assurance that current ratings will be maintained in the future. We believe our strong ratings are an important factor in marketing our products to our customers, since ratings information is broadly disseminated and generally used throughout the industry. If our ratings are downgraded or placed under surveillance or review, with possible negative implications, the downgrade, surveillance or review could adversely affect our business, financial condition and results of operations. Our ratings reflect each rating agency's opinion of our financial strength, operating performance and ability to meet our obligations to policyholders, and are not evaluations directed toward the protection of investors in our common stock.

We face risks related to litigation.

We are, or may be in the future, a party to a variety of legal actions that affect any business, such as employment and employment discrimination-related suits, employee benefit claims, breach of contract actions, tort claims and intellectual property-related litigation. In addition, because of the nature of our business, we are subject to a variety of legal actions relating to our business operations, including the design, management and offering of our products and services. These could include: claims relating to the denial of health care benefits; medical

malpractice actions; allegations of anti-competitive and unfair business activities; provider disputes over

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compensation and termination of provider contracts; disputes related to self-funded business; disputes over co-payment calculations; claims related to the failure to disclose certain business practices; and claims relating to customer audits and contract performance. The loss of even one such claim, if it results in a significant punitive damage award, could have a material adverse effect on our consolidated results of operations. In addition, the risk of potential liability under punitive damage theories may increase significantly the difficulty of obtaining reasonable settlements of coverage claims.

A number of class action lawsuits have been filed against us and certain of our competitors in the managed care business. The suits are purported class actions on behalf of certain of our managed care members and network providers for alleged breaches of various state and federal laws. While we intend to defend these suits vigorously, we will incur expenses in the defense of these suits and cannot predict their outcome.

Recent court decisions and legislative activity may increase our exposure for any of these types of claims. In some cases, substantial non-economic, treble or punitive damages may be sought. We currently have insurance coverage for some of these potential liabilities. Other potential liabilities may not be covered by insurance, insurers may dispute coverage or the amount of insurance may not be enough to cover the damages awarded. In addition, certain types of damages, such as punitive damages, may not be covered by insurance, and insurance coverage for all or certain forms of liability may become unavailable or prohibitively expensive in the future.

In addition, we are also involved in pending and threatened litigation of the character incidental to the business transacted, arising out of our insurance and investment operations, and are from time to time involved as a party in various governmental investigations, audits, reviews and administrative proceedings. These investigations, audits and reviews include routine and special investigations by various state insurance departments, state attorneys general and the U.S. Attorney General. Such investigations could result in the imposition of civil or criminal fines, penalties and other sanctions. We believe that any liability that may result from any one of these actions is unlikely to have a material adverse effect on our consolidated results of operations or financial position.

A reduction in the enrollment in our health benefits programs could have an adverse effect on our business and profitability. The health benefits industry is subject to negative publicity, which can adversely affect our profitability. Additionally, we face significant competition from other health benefits companies.

A reduction in the number of enrollees in our health benefits programs could adversely affect our business, financial condition and results of operations. Factors that could contribute to a reduction in enrollment include: failure to obtain new customers or retain existing customers; premium increases and benefit changes; our exit from a specific market; reductions in workforce by existing customers; negative publicity and news coverage; failure to attain or maintain nationally recognized accreditations; and general economic downturn that results in business failures.

The health benefits industry is subject to negative publicity. Negative publicity may result in increased regulation and legislative review of industry practices, which may further increase our costs of doing business and adversely affect our profitability by: adversely affecting our ability to market our products and services; requiring us to change our products and services; or increasing the regulatory burdens under which we operate.

In addition, as long as we use the Blue Cross and Blue Shield names and marks in marketing our health benefits products and services, any negative publicity concerning the Blue Cross Blue Shield Association or other Blue Cross Blue Shield Association licensees may adversely affect us and the sale of our health benefits products and services.

As a health benefits company, we operate in a highly competitive environment and in an industry that is currently subject to significant changes from business consolidations, new strategic alliances, legislative reform, aggressive marketing practices by other health benefits organizations and market pressures brought about by an

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informed and organized customer base, particularly among large employers. Further, periodic renegotiations of hospital and other provider contracts, coupled with continued consolidation of physician, hospital and other provider groups potentially limit our ability to negotiate favorable rates. This environment has produced and will likely continue to produce significant pressures on the profitability of health benefits companies.

We are dependent on the services of independent agents and brokers in the marketing of our health care products, particularly with respect to individuals, seniors and small employer group members. Such independent agents and brokers are typically not exclusively dedicated to us and may frequently also market health care products of our competitors. We face intense competition for the services and allegiance of independent agents and brokers.

In addition, the Gramm-Leach-Bliley Act, which gives banks and other financial institutions the ability to affiliate with insurance companies, creates the potential for new competitors with significant financial resources entering our markets. We cannot assure you that we will be able to compete successfully against current and future competitors or that competitive pressures faced by us will not materially and adversely affect our business, financial condition and results of operations.

Regional concentrations of our business may subject us to economic downturns in those regions.

Our business operations include or consist of regional companies located in the Midwest, East, West and South with most of our revenues generated in the states of California, Colorado, Connecticut, Georgia, Indiana, Kentucky, Maine, Missouri, Nevada, New Hampshire, Ohio, Virginia and Wisconsin. Due to this concentration of business in a small number of states, we are exposed to potential losses resulting from the risk of an economic downturn in these states. If economic conditions in these states deteriorate, we may experience a reduction in existing and new business, which may have a material adverse effect on our business, financial condition and results of operations.

A change in our health care product mix may impact our profitability.

Our health care products that involve greater potential risk generally tend to be more profitable than administrative services products and those health care products where we are able to shift risk to employer groups. Individuals and small employer groups are more likely to purchase our higher-risk health care products because such purchasers are generally unable or unwilling to bear greater liability for health care expenditures. Typically, government-sponsored programs also involve our higher-risk health care products. Over the past few years, we have experienced a slight decline in margins in higher-risk health care products and to a lesser extent on our lower-risk health care and management services products. This decline is primarily attributable to product mix change, product design, competitive pressure and greater regulatory restrictions applicable to the small employer group market. From time to time, we have implemented price increases in certain of our health care businesses. While these price increases may improve profitability, there can be no assurance that this will occur. Subsequent unfavorable changes in the relative profitability between our various products could have a material adverse effect on our business, financial condition, and results of operations.

Our pharmacy benefit management company operates in an industry faced with a number of risks and uncertainties in addition to those we face with our core health care business. The following are some of the industry-related risks that could have a material adverse effect on our business, financial condition and results of operations:

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the application of federal and state anti-remuneration laws (generally known as anti-kickback laws);

compliance requirements for pharmacy benefit manager fiduciaries under ERISA, including compliance with fiduciary obligations under ERISA in connection with the development and implementation of items such as formularies, preferred drug listings and therapeutic intervention programs; and potential liability regarding the use of patient-identifiable medical information;

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a number of federal and state legislative proposals are being considered that could affect a variety of industry practices, such as the receipt of rebates from pharmaceutical manufacturers.

We believe that our pharmacy benefit management business is currently being conducted in compliance in all material respects with applicable legal requirements. However, there can be no assurance that our business will not be subject to challenge under various laws and regulations, or that any such challenge will not have a material adverse effect on our business, financial condition and results of operations.

We have built a significant portion of our current business through mergers and acquisitions and we expect to pursue acquisitions in the future. The following are some of the risks associated with acquisitions that could have a material adverse effect on our business, financial condition and results of operations:

some of the acquired businesses may not achieve anticipated revenues, earnings cash flow, or market share;

we may assume liabilities that were not disclosed to us;

we may be unable to integrate acquired businesses successfully and r