

# FINAL TRANSCRIPT

**Thomson StreetEvents<sup>SM</sup>**

## WLP - "Larry C. Glasscock Retirement" Conference Call

Event Date/Time: Feb. 26. 2007 / 8:30AM ET

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

## CORPORATE PARTICIPANTS

**Wayne DeVeydt**

*WellPoint, Inc. - Chief of Staff, CAO, IR*

**Larry Glasscock**

*WellPoint, Inc. - Chairman, President & CEO*

**Angela Braly**

*WellPoint, Inc. - EVP, General Counsel & Chief PAO*

**Dave Colby**

*WellPoint, Inc. - EVP & CFO*

## CONFERENCE CALL PARTICIPANTS

**John Rex**

*Bear Stearns - Analyst*

**Carl McDonald**

*CIBC - Analyst*

**Scott Fidel**

*Deutsche Bank - Analyst*

**Peter Costa**

*FTN Midwest Securities - Analyst*

## PRESENTATION

**Operator**

Ladies and gentlemen, thank you very much for standing by and welcome to the announcement of the retirement of Larry Glasscock as President and CEO and the appointment of Angela Braly. At this time, all lines are in a listen-only mode. Later, there will be a question-and-answer session with instructions given at that time. (OPERATOR INSTRUCTIONS). As a reminder, this conference is being recorded and I would now like to turn our conference over to our host, Mr. Wayne DeVeydt. Please go ahead, sir.

**Wayne DeVeydt - WellPoint, Inc. - Chief of Staff, CAO, IR**

Good morning. Welcome to our conference call this morning. I am Wayne DeVeydt, WellPoint's Chief of Staff, Chief Accounting Officer and executive responsible for investor relations. With me this morning are Larry Glasscock, our Chairman, President and Chief Executive Officer and Angela Braly, Executive Vice President, General Counsel and Chief Public Affairs Officer. Also, Dave Colby, Executive Vice President and Chief Financial Officer, is participating on this call from London where he is begin at the Bear Stearns investor conference and will be available for our question-and-answer session this morning.

We will be making some forward-looking statements on this call. Listeners are cautioned that these statements are subject to certain risks and uncertainties, many of which are difficult to predict and generally beyond the control of WellPoint. These risks and uncertainties can cause actual results to differ materially from our current expectations. We advise listeners to review the risk factors discussed in the periodic filings we make with the SEC. I will now turn the call over to Larry Glasscock.

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

**Larry Glasscock** - *WellPoint, Inc. - Chairman, President & CEO*

Good morning and thank you, Wayne. As most of you have seen in this morning's press release, I have made the decision to retire from the day-to-day operations of WellPoint effective June 1 of this year so that I can attend to the needs of my family.

I am very pleased to continue to serve as the Chairman of WellPoint's Board of Directors. I have had the true honor and privilege of working as a WellPoint associate since 1998 and as the CEO since 1999. As a team, we have built the nation's largest health benefits company, now serving more than 34 million Americans.

Our Company has a very bright future with an excellent strategic roadmap to help us achieve our vision of truly transforming healthcare and becoming the most valued company in our industry. We are well on our way to achieving this vision.

I am very pleased to announce that Angela Braly will become our new President and CEO effective June 1. Angela has the right combination of business acumen, shared strategic vision, excellent operational experience and health policy knowledge and is the best person to lead WellPoint's future success.

Angela joined the Company in 1999. Prior to joining WellPoint, Angela was a principal architect of the not-for-profit conversion and operational and governance turnaround at RightCHOICE, the parent company of Blue Cross Blue Shield of Missouri, which resulted in the creation of a \$1 billion foundation to meet the needs of the uninsured and underserved in Missouri.

She was a key strategist in the WellPoint Health Networks' acquisition of RightCHOICE. While Angela served as President of Blue Cross and Blue Shield of Missouri, membership and profitability grew significantly. Since becoming WellPoint's General Counsel and Chief Public Affairs Officer in 2005, she has partnered with me on every major strategic initiative.

You should know that our WellPoint Board of Directors enthusiastically approved Angela's selection. The Board selected Angela, an internal candidate, because of her talents and the Board's solid belief in WellPoint's current strategy and management team. This is a strong endorsement of our Company's performance and our culture.

Angela and I will be working closely over the next several months to ensure a very smooth transition of responsibilities. She will continue to serve as General Counsel and Chief Public Affairs Officer until becoming CEO, prior to which she will announce her plans for management of these functions.

The following individuals will continue to form the executive leadership team of WellPoint, reporting to me for now and Angela Braly effective June 1. Dave Colby, Chief Financial Officer; John Watts, who runs our commercial and consumer business unit; Mark Boxer, who heads service operations and technology and will assume responsibility for our government services business unit; Joan Herman, who leads our specialty senior and state-sponsored business unit; Alice Rosenblatt, who is our Chief Actuary, Integration and Information Management Officer; Sam Nussbaum M.D. will continue as our Chief Medical Officer; Randy Brown, Chief Human Resources Officer and Randall Lewis, our Chief Audit and Compliance Officer. We fully expect this senior management team to remain together.

WellPoint's future is indeed bright thanks to our passion for improving healthcare and dedication to our customers. I really look forward to continue working with Angela, the executive leadership team and the Board of Directors through the transition and then as Chairman of the Board to make WellPoint even better than it is today. Let me now turn the call over to Angela Braly.

---

**Angela Braly** - *WellPoint, Inc. - EVP, General Counsel & Chief PAO*

Thank you, Larry. Under Larry's leadership, WellPoint has grown from 6 million members to more than 34 million. Our total annual revenues have increased from approximately \$6 billion to more than \$56 billion. We are extremely grateful to Larry for his efforts in building our Company and I look forward to continuing to work with him in his role as Chairman of the Board.

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

I share his passion for profitable growth and pledge my best efforts to continue our success through our differentiating strategies of becoming the most trusted choice for consumers and the leader in affordable quality care.

Our mission is to improve the lives of the people we serve and the health of our communities. Our 42,000 associates are passionate about this mission and execute on it each and every day. Larry has assembled an outstanding executive leadership team for which I am pleased to assume responsibility.

WellPoint has a very strong and deep management team and the Company continues to develop leaders internally and hire externally from leading companies. Dave Colby recently received an award from Institutional Investor magazine for being the best CFO in the managed care industry for the fourth year in a row. Dave holds a uniquely important role within WellPoint and I am very pleased that he and I will continue to work together.

My colleagues who are key leaders have all personally stated their desire to remain with the Company. I am looking forward to working with our executive leadership team, our Board of Directors and our associates to continue WellPoint's success. My efforts for the next few months will be focused on achieving a smooth and orderly transition of Chief Executive Officer duties from Larry to me.

I will now turn the call back over to Larry to lead a question-and-answer session. Larry has stated that he is stepping down from day-to-day operational activities at WellPoint due to his need to devote more time to his family. I ask that you respect his privacy and that of his family as you ask your questions. Larry?

---

**Larry Glasscock** - WellPoint, Inc. - Chairman, President & CEO

Angela, thank you very much and now, I would like to open the call up for questions.

---

## QUESTIONS AND ANSWERS

### Operator

(OPERATOR INSTRUCTIONS). John Rex, Bear Stearns.

---

**John Rex** - Bear Stearns - Analyst

Just wondering maybe, Larry, if you could just comment a little bit -- obviously there are a number of candidates that I am sure the Board looked at as you were making this decision and what kind of things the Board considered in looking at this in terms of thinking about the challenges that maybe the Company faces over the next few years in terms of the skill sets that they were matching to those challenges and maybe how we can think about the Board's thinking along those lines?

---

**Larry Glasscock** - WellPoint, Inc. - Chairman, President & CEO

John, thank you for your question. Let me just say that our Board considered a very wide range of possible succession options and scenarios. As I have reported to all of you in the past, we have a very robust succession planning effort and what I would want everyone to know is with the help of outside experts, we reviewed all kinds of options, including external options, and our Board through a lot of research determined that, boy, we had the best candidate right here within WellPoint.

I think as we looked at the landscape for the future, it is very clear obviously that we always need someone to continue on this incredible record that we have been able to build. It is also very important on the health policy front that we do everything we

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

can to continue to shape what this system of ours should look like in the future. So in considering all of those aspects, the Board felt that Angela Braly met all of those characteristics in a way that would take our Company to a new level.

---

**John Rex** - *Bear Stearns - Analyst*

Tell me something also, maybe the political and regulatory challenges ahead over the next years are viewed somewhat by the Board as some of the key things facing the Company.

---

**Larry Glasscock** - *WellPoint, Inc. - Chairman, President & CEO*

Yes, I think certainly for those of you who follow the industry very closely, which is all of you, the whole notion of the legislative and regulatory framework for the future is going to be incredibly important and the whole area of public policy. These are all areas that Angela is incredibly skilled at, in addition to knowing how to run a company, so that was a very important aspect of her selection as my successor.

---

**Operator**

Carl McDonald, CIBC.

---

**Carl McDonald** - *CIBC - Analyst*

Dave, from the market's perspective, you seemed to be the most likely successor when Larry decided to step down. Since the Board has moved in a different direction, the concern is going to be that in your disappointment you will look to go somewhere else. Maybe you could offer a few comments on that?

---

**Dave Colby** - *WellPoint, Inc. - EVP & CFO*

I am not sure I am near disappointed at all. I think I am very good at what I do. And when it comes to leading WellPoint, we are not in a turnaround or anything. We have got to deal with things going forward. As John pointed out, Angela has great skills with policy, public, political and regulatory issues. She was very successful at running Blue Cross Blue Shield of Missouri right after we acquired RightCHOICE. I think she has great skills to run the Company and I am very happy to work alongside with her.

---

**Carl McDonald** - *CIBC - Analyst*

This is Larry. I can add just a bit because I have spoken with Dave about this several times and what I would want everyone to know, which he just said better than I, is that he is incredibly supportive of this transition. He is very engaged in our future and very committed to being a part of it. So again, he thinks the right choice was made.

---

**Operator**

Scott Fidel, Deutsche Bank.

---

**Scott Fidel** - *Deutsche Bank - Analyst*

First question, just if you can talk about if there is any change to your long-term revenue and EPS growth targets or are you really just at this point reaffirming your future outlooks?

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

**Larry Glasscock** - *WellPoint, Inc. - Chairman, President & CEO*

Dave, I will let you take that.

**Dave Colby** - *WellPoint, Inc. - EVP & CFO*

I think, again, one of the reasons that the Board decided to choose an internal candidate is that they are happy with our growth prospects and targets and we certainly expect to achieve \$5.53 per share, our guidance for this year, and continue to try to achieve our Board-established target of 15% earnings per share growth each year.

**Scott Fidel** - *Deutsche Bank - Analyst*

Okay. And then, Larry, have you made any decision in terms of any timeline on how long you plan to stay as Chairman?

**Larry Glasscock** - *WellPoint, Inc. - Chairman, President & CEO*

I will stay as Chairman as long as that serves the Board well. Ultimately that is their decision. I will tell you that as I told them about my needs to retire from day-to-day responsibilities, they were very interested in me remaining as Chair and that is something I am very happy to do. I love this Company. I love what we stand for. I am not going away. I am going to be as active as I can be and really do look forward to working with Angela.

**Scott Fidel** - *Deutsche Bank - Analyst*

And then just a question for Angela, just on your views around WellPoint's growth strategy. Obviously over the years, it is depended on both, solid organic growth and acquisitions and maybe if you can talk a bit about any areas of the strategy where you see potential opportunities going forward or do you really just view this as a continuation of the existing strategy?

**Angela Braly** - *WellPoint, Inc. - EVP, General Counsel & Chief PAO*

I absolutely believe in the strategy that we have in place. I think there is a lot of forward momentum there. I think we are going to continue to have organic growth and we are going to continue to look for different merger and acquisition opportunities.

**Larry Glasscock** - *WellPoint, Inc. - Chairman, President & CEO*

Again, Angela was very instrumental in working with me and with the rest of the executive leadership team and the Board on our 2010 strategy and the one, many wonderful aspects of our Company is this tremendous alignment that we all have around 2010. So we think it is business as usual.

**Operator**

Peter Costa, FTN Midwest Securities.

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

**Peter Costa** - FTN Midwest Securities - Analyst

Angela, the question is for you really. Can you describe what you will change going forward? Clearly, there has got to be some things that you see as different or some direction that you would like to take the Company in, that perhaps it hasn't been going in the past. What sort of things should we expect to see that will be different from what we have seen in the past?

**Angela Braly** - WellPoint, Inc. - EVP, General Counsel & Chief PAO

I think you're going to continue to see a lot of momentum around empowering consumers, producing the best consumer experience that you can have in healthcare, that is going to be rich with information about the cost and quality of the healthcare, and that you're going to see the consumer will be empowered by that.

**Peter Costa** - FTN Midwest Securities - Analyst

Given that focus on consumerism, is there any reason that John Watts was not selected given that he is more on the marketing side of things instead of you, Angela, who is more on the legal side of things?

**Angela Braly** - WellPoint, Inc. - EVP, General Counsel & Chief PAO

John and I work really well together and we have worked closely as executive leadership team members to focus on the strategy and the thing that is really delightful for me is, John and I really work well together and see the business moving forward, I think, in the same way. He is very focused on the customer. He is very focused on getting the customer to be the focus of all that we do to provide excellent service and additional tools, so I think we are going to work really well together. He is a critical part of our team and I am excited to have the opportunity to continue to work with him.

**Peter Costa** - FTN Midwest Securities - Analyst

So in your selection, it has nothing to do with the goal of WellPoint to do more conversions or try to acquire more converted not-for-profit Blue plans?

**Angela Braly** - WellPoint, Inc. - EVP, General Counsel & Chief PAO

I think we're going to continue to consider those opportunities. Those are clearly options for us to consider as we go forward, but as I said earlier, we are going to focus on both organic growth and how we can better serve the customer, as well as considering every merger and acquisition opportunity whether it be Blue or non-Blue.

**Operator**

I would now like to turn the conference back to Mr. Larry Glasscock for the Company's closing comments. Please go ahead, sir.

**Larry Glasscock** - WellPoint, Inc. - Chairman, President & CEO

Thank you very much and again, I want to thank everyone for their questions. I guess in closing, I want to reiterate that I am not leaving the Company. I intend to remain, as I said, very engaged as Chairman of the Board. The timing of this transition was driven by me, as I said, for family reasons.

Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

The Company's long-standing succession planning progress really enabled the Board to move forward in a very orderly fashion to name Angela Braly as my successor and Angela brings her wealth of intellect, business experience, a vision and just very good operational experience to this role to ensure WellPoint's continued success.

Again, all of our other key leaders have reinforced their commitment to remaining at WellPoint and together, we all believe that WellPoint continues to have an extremely promising future. So again, thank you for your participation in the call this morning. And as always, we all hope you have a great day.

---

### Operator

Thank you very much. Ladies and gentlemen, this conference will be made available for replay after 1.45 Eastern Time today and running through the 12th of March at midnight. You may access the AT&T executive playback service at any time by dialing 1-800-475-6701 and entering the access code 865117. International participants dial 320-365-3844. Those numbers again are 1-800-475-6701 and 320-365-3844 with an access code of 865117. That concludes our conference for today. We appreciate your participation, as well as you using AT&T executive teleconference and you may now disconnect.

PLEASE NOTE THIS TRANSCRIPT HAS BEEN EDITED FOR ACCURACY

This transcript contains certain forward-looking information about WellPoint, Inc. ("WellPoint") that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. 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 the control of WellPoint, 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 public filings with the U.S. Securities and Exchange Commission ("SEC") made by WellPoint; trends in health care costs and utilization rates; our ability to secure sufficient premium rate increases; competitor pricing below market trends of increasing costs; increased government regulation of health benefits, managed care and pharmacy benefit management operations; risks and uncertainties regarding the Medicare Part D Prescription Drug benefits program, including potential uncollectability of receivables resulting from processing and/or verifying enrollment (including facilitated enrollment), inadequacy of underwriting assumptions, inability to receive and process information, uncollectability of premium from members, increased pharmaceutical costs, and the underlying seasonality of the business; significant acquisitions or divestitures by major competitors; introduction and utilization of new prescription drugs and technology; 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 contract with providers consistent with past practice; other potential uses of cash in the future that present attractive alternatives to share repurchases; our ability to achieve expected synergies and operating efficiencies in the WellChoice, Inc. acquisition within the expected time frames or at all, and to successfully integrate our operations; our ability to meet expectations regarding repurchases of shares of our common stock; 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. WellPoint does 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 WellPoint's various SEC reports, including but not limited to WellPoint's Annual Report on Form 10-K for the year ended December 31, 2005, and its Quarterly Reports on Form 10-Q for the reporting periods of 2006.

## Feb. 26. 2007 / 8:30AM, WLP - "Larry C. Glasscock Retirement" Conference Call

**DISCLAIMER**

Thomson Financial reserves the right to make changes to documents, content, or other information on this web site without obligation to notify any person of such changes.

In the conference calls upon which Event Transcripts are based, companies may make projections or other forward-looking statements regarding a variety of items. Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks, which are more specifically identified in the companies' most recent SEC filings. Although the companies may indicate and believe that the assumptions underlying the forward-looking statements are reasonable, any of the assumptions could prove inaccurate or incorrect and, therefore, there can be no assurance that the results contemplated in the forward-looking statements will be realized.

THE INFORMATION CONTAINED IN EVENT TRANSCRIPTS IS A TEXTUAL REPRESENTATION OF THE APPLICABLE COMPANY'S CONFERENCE CALL AND WHILE EFFORTS ARE MADE TO PROVIDE AN ACCURATE TRANSCRIPTION, THERE MAY BE MATERIAL ERRORS, OMISSIONS, OR INACCURACIES IN THE REPORTING OF THE SUBSTANCE OF THE CONFERENCE CALLS. IN NO WAY DOES THOMSON FINANCIAL OR THE APPLICABLE COMPANY ASSUME ANY RESPONSIBILITY FOR ANY INVESTMENT OR OTHER DECISIONS MADE BASED UPON THE INFORMATION PROVIDED ON THIS WEB SITE OR IN ANY EVENT TRANSCRIPT. USERS ARE ADVISED TO REVIEW THE APPLICABLE COMPANY'S CONFERENCE CALL ITSELF AND THE APPLICABLE COMPANY'S SEC FILINGS BEFORE MAKING ANY INVESTMENT OR OTHER DECISIONS.

©2007, Thomson Financial. All Rights Reserved.