

FINAL TRANSCRIPT

Thomson StreetEventsSM

WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Event Date/Time: Jan. 28. 2009 / 8:30AM ET

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

CORPORATE PARTICIPANTS

Michael Kleinman

WellPoint, Inc. - VP IR

Angela Braly

WellPoint, Inc. - President, CEO

Wayne DeVeydt

WellPoint, Inc. - EVP, CFO

Ken Goulet

WellPoint, Inc. - President & CEO of Commercial Business Unit

Brian Sassi

WellPoint, Inc. - President & CEO of Consumer Business Unit

CONFERENCE CALL PARTICIPANTS

John Rex

JPMorgan Chase & Co. - Analyst

Justin Lake

UBS - Analyst

Josh Raskin

Barclays Capital - Analyst

Matthew Borsch

Goldman Sachs - Analyst

Scott Fidel

Deutsche Bank - Analyst

Charles Boorady

Citigroup - Analyst

Carl McDonald

Oppenheimer & Co. - Analyst

Ana Gupte

Sanford C. Bernstein & Co. - Analyst

Peter Costa

FTN Midwest Research - Analyst

Greg Nersessian

Credit Suisse - Analyst

PRESENTATION

Operator

Ladies and gentlemen, thank you for standing by and welcome to the WellPoint conference call.

At this time, all lines are in a listen-only mode. Later, there will be a question-and-answer session. Instructions will be given at that time. (Operator Instructions). As a reminder, this conference is being recorded.

I would now like to turn the conference over to the Company's management. Please go ahead.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Michael Kleinman - WellPoint, Inc. - VP IR

Good morning and welcome to WellPoint's fourth-quarter earnings conference call. I am Michael Kleinman, Vice President of Investor Relations. With me this morning are Angela Braly, our President and Chief Executive Officer; Wayne DeVeydt, Executive Vice President and Chief Financial Officer; Ken Goulet, Executive Vice President and President of our Commercial Business; and Brian Sassi, Executive Vice President and President of our Consumer Business.

Angela will begin this morning's call with an overview of our fourth-quarter results, actions and accomplishments. Wayne will then offer a detailed review of our fourth-quarter financial performance and current guidance, which will be followed by a question-and-answer session in which Ken and Brian will also participate.

This call will reference a non-GAAP amount. A reconciliation of this non-GAAP amount to the most directly comparable measure calculated in accordance with GAAP is available on the Investor Information page of our Company Web site at www.WellPoint.com.

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 current expectations. We advise listeners to review the risk factors discussed in our press release this morning and other periodic filings we make with the SEC.

I will now turn the call over to Angela.

Angela Braly - WellPoint, Inc. - President, CEO

Thank you, Michael, and good morning.

Today, we announced fourth-quarter 2008 net income of \$331 million or \$0.65 per share. This included net realized investment losses of \$351 million after tax, or \$0.69 per share. Net income in the fourth quarter of 2007 was \$859 million, or \$1.51 per share, which included net realized investment gains of less than \$0.01 per share.

Full-year 2008 net income was \$2.5 billion, or \$4.76 per share. These results included net realized investment losses of \$1.45 per share, a \$0.17 per share impairment charge related to State-Sponsored intangible assets, and \$0.90 per share in income tax benefits resulting from the favorable resolution of certain federal and state tax matters.

Net income for the full year of 2007 was \$3.3 billion or \$5.56 per share, which included \$0.01 per share in net realized investment gains.

We had a solid fourth quarter in core operations, where results were in line with our expectations, reflecting actions we've taken to effectively manage our business through this current economic situation and for the long-term. WellPoint remains in a strong financial position with a diverse investment portfolio and strong liquidity.

During the fourth quarter, our subsidiaries paid \$2 billion in dividends to the parent company. At the end of 2008, statutory capital levels in our insurance subsidiaries exceeded state requirements by \$4.9 billion and Blue Cross and Blue Shield Association requirements by \$1.8 billion.

Corrective action plans we implemented during 2008 have laid the groundwork for growth in 2009 and beyond. One of our internal enhancements was the creation of the WellPoint Operations Council, chaired by Ken Goulet. The Council is comprised of six key executives who manage the areas that most directly drive our operating revenue and profit. This team is accountable for attaining our operating targets and maximizing profitable growth. With the focus and leadership of this Operations Council

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

and the support of the rest of my executive leadership team, I believe that we will continue to execute on our plans to improve performance and enhance customer and shareholder value.

As a result of a number of initiatives and focus on execution, both the level and aging of our claims inventory continues to improve. Lower inventories improve our customer service, provide greater visibility for actuarial reserving estimates, and enable us to price more accurately. Our inventories are down 43% from their peak levels in February of 2008, and with an 8% decline in the fourth quarter alone, are at their lowest level in over two years.

We've had a number of very successful product introductions during 2008, including the New York Prism product with more than 180,000 members. Other product rollouts included 360 Degree Health in the Central states, EmployeeElect in California, Colorado, Nevada and Georgia, and Blue Essential in Georgia.

In 2009, we will continue introducing innovative products and will be rolling out lower-cost options in several states, particularly in the East. In the Northeast we plan to launch Access Blue, which is a broader network HMO offering. Also, as we introduce new products, we are working to retire inactive product designs to reduce the number of product variations that must be maintained and that add unnecessarily to administrative expense.

Turning now to our top line, operating revenue was \$15.4 billion in the fourth quarter of 2008, an increase of 1% from the prior-year period. The increase was driven by premium rate increases in all medical lines of business and growth in our Medicare Advantage products.

We continue to be very disciplined in our pricing and are implementing actuarially sound rate increases across all our lines of business. These revenue increases are partially offset by the loss of the New York State prescription drug contract and lower commercial and state-sponsored fully-insured membership.

Our medical enrollment totaled 35 million members at December 31, 2008, an increase of 240,000 members or 1% over December 31, 2007. The increase was driven by our National Business, which added over 500,000 members during 2008. National account customers continue to appreciate the unique value of our large network, deep discounts, and outstanding service.

Membership in our Senior business grew by 54,000, and enrollment in the Federal Employee Program increased by 13,000. This membership growth in 2008 was partially offset by a loss of just over 200,000 State-Sponsored members, primarily in Ohio, where we were unable to attain actuarially sound rates.

We believe that State-Sponsored programs provide significant benefits for both state governments and recipients by providing program beneficiaries with access to better-coordinated medical care at a lower cost, but in doing so, we must be able to receive actuarially sound rates. With the economic downturn our nation is experiencing, we do expect to see more opportunities in state-sponsored programs, as governments match available resources with rising eligibility.

We also saw attrition of 94,000 individual members and 31,000 local group members. The attrition in the individual and local group primarily resulted from our non-Blue-branded UniCare product in which membership declined by 279,000 during the year due significantly to price increases. Enrollment in the company's Blue-branded individual and local group products increased by 154,000 members during 2008.

During the fourth quarter of 2008, medical enrollment declined by 288,000 members or 1%. Most of this decline occurred in the commercial business and is a reflection of the economic downturn. Our group customer retention rate remains very strong at over 90%. In the fourth quarter, in-group enrollment declined a total of 148,000 as employers reduced workforces. The decline in membership was most pronounced in the national business and was experienced across a wide variety of industries.

As the largest provider of medical insurance in the country, our business is spread among a large number of diverse industries and does not have significant concentration in any one industry.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Enrollment in the Consumer Business segment declined by 80,000 in the fourth quarter of 2008, primarily related to self-funded Connecticut Medicaid members beginning a transition to other carriers.

Overall, the competitive situation remains generally rational, while from time to time we see one-off cases that do not appear to be economically sound. We are making continual changes in our business approach to further capitalize on our strong value proposition. We continue to face a competitive situation in California, and during the past several years, we saw membership losses from our California focal renewal process and we are ending focal renewals in 2009.

Historically, a focal increase has provided us the ability to rate our entire California small-group block at 1.0 time. However, the focal renewal has become a market disadvantage as our competitors plan their sales and marketing activities around it. Eliminating the focal renewals also improves the relationship we have with our brokers and agents, as in the focal cycle approximately 45,000 groups renew at once, stretching the resources of our producers. Impacted groups will receive their next rate increase on their anniversary date, not on May 1, 2009. More about our membership expectations will be provided on Investor Day, but our diverse membership base helps to reduce volatility in varying economic conditions.

For 2009, we expect that the economic conditions will continue to deteriorate and unemployment will continue to increase. We expect unemployment to peak at over 10% in some of our Blue states. This is expected to negatively impact commercial membership in 2009.

National enrollment for January 1, 2009 exceeded our expectations. Even though we expect higher unemployment-related attrition during 2009, we now project over 300,000 net adds in National by year-end.

State-sponsored and Senior membership are expected to decline in 2009 due to the previously announced actions we've undertaken to improve financial results. We will withdraw from the Connecticut and Nevada State-Sponsored Business, and we discontinued offering the Enhanced Plan, Medicare Advantage plan. We expect the Centers for Medicare and Medicaid Services, or CMS, marketing and enrollment suspensions to have a small impact on 2009 membership.

I want to briefly discuss the situation. Over the past six months, we've been working with CMS to resolve issues identified as a result of our internal compliance audits and findings from a recent CMS audit. Our work included detailed action plans and timelines which were submitted to, reviewed and accepted by CMS to remediate the findings.

In addition, we engaged an independent third party to provide CMS with ongoing assessments regarding our compliance, processes and procedures. We have completed a majority of the remediation steps in a timely fashion, meeting substantially all of our agreed-upon goals to date. While our IT resources are an important part of the compliance program, these issues were not related to a migration of our legacy system.

Since we've been meeting with CMS on a regular basis regarding our remediation process, we were surprised by their recent actions. We are working closely with CMS, and marketing and enrollment of the Company's Medicare Advantage and Medicare Part D products have been suspended until remediation efforts have been substantially completed.

When we determined that there were issues involving some members' ability to access their pharmacy benefits effective January 1, 2009, we self-reported the issues and promptly put a process in place to help ensure that the benefits were available to cover members' medication. We take member access to benefits and member health very seriously.

As a result of our actions, members are getting the medications covered by their benefits, as expected. To make sure of this, we are in the process of reaching out to members who had claims denied and those who subsequently received their drugs.

We have made significant progress in addressing these issues, including implementing a robust compliance-monitoring program. Our plan is to continue to work with CMS to make improvements as soon as possible. We will continue to put the resources of our company behind this effort to help ensure that we meet the needs of our Medicare Advantage and Part D members.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

The CMS action does not affect members currently enrolled in our Medicare Supplement products and does not impact our commercial business. We are working diligently to get the marketing and the enrollment suspension lifted as expeditiously as possible.

Turning now to the economic environment, current conditions and valuations have us looking at our entire operation, how we can be more productive and how we can maximize the value of our assets. In a move to optimize expenses, earlier this month, we announced the difficult decision to adjust the size of our workforce by eliminating approximately 1500 positions. This includes the elimination of more than 900 open positions and laying off approximately 600 associates. The reductions were needed to streamline our administrative cost structure heading into 2009. The challenging economic climate in the United States is causing many customers to reduce workforce size and to seek more cost effective solutions and services from their health plans. We have modeled multiple scenarios that a weaker overall economy can have on our business and our membership, and have determined that operating at a lower level of administrative costs will allow us to be more competitive.

We continue to meet our members' needs while appropriately controlling operating expenses. Customer service to all members remains a high priority for WellPoint, and we did not impact any existing compliance staff involved in the CMS compliance process. We remain committed to providing our members with the high-quality customer service they expect and developing innovative solutions to address the rising costs of healthcare.

Another way we can become more productive is through our information technology strategy. Due to our history as a consolidator of health plans, we still have a number of claims-processing systems across our company. Our goal is to reduce this number to three core systems over time.

Certain system migrations in 2006 and 2007 could have been executed better and impacted our 2008 financial performance. In recognition, we've refreshed our IT strategy, implemented a number of improved processes and procedures, and upgraded reporting across our company to ensure better results as we move down a path of standardization.

Our Operations Council collaborates on our planning and closely monitors system migrations. Our enhancements included improvements to the electronic adjudication of claims and other process improvements that have produced the lower claims inventories and other improvements to customer service that we've experienced.

Our priorities for 2009 include enhancement and readiness of target platforms for future migrations and the buildout and deployment of the enterprise business capabilities. This month, we successfully completed a virtually flawless migration of 1 million legacy WellChoice members from an outside vendor to our Next RX PBM.

We also continue our efforts to address medical cost inflation while providing better quality care through innovative programs like our industry-leading Blue Distinction Centers for Cardiac Care, where we've demonstrated higher-quality care at lower cost. Blue Distinction Centers for Cardiac Care have shown lower re-admission rates and lower costs for cardiac bypass surgery and outpatient angioplasty. We believe that plans who deliver this kind of cost saving and quality improvement provide exceptional value to our healthcare system and will be the long-term winners.

We are managing this company for long-term success. In 2008, our earnings per share, adjusted for realized investment losses, the intangible asset write-down and tax benefit was \$5.48. From this adjusted earnings per share, we expect low single-digit EPS growth in 2009, which excludes realized investment gains or losses. We will provide more information at our investor day next month.

We continue to build on the momentum from our 2008 performance improvement plan, making the necessary changes to further enhance our claims processing and customer service functions and streamlining operations. We proactively manage our business and make adjustments based on market conditions while striving to provide the best value through innovative products and services. We will continue to make the necessary adjustments to meet our customer commitments and financial objectives for 2009 and beyond.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

I will now turn over the call to Wayne DeVeydt for a detailed discussion of our fourth-quarter 2008 financials.

Wayne DeVeydt - *WellPoint, Inc. - EVP, CFO*

Thank you, Angela. Good morning.

Our underlying operations are doing well, and this is reflected in our fourth-quarter 2008 results.

Premiums were \$14.3 billion in the fourth quarter of 2008, an increase of \$25 million over the fourth quarter of 2007, primarily due to premium rate increases for all medical lines of business, growth in our Medicare Advantage business, and increased reimbursement in the FEP programs. These increases were partially offset by the loss of the New York State prescription drug contract, our exit from the Ohio Medicaid program, lower premium volume due to membership declines in non-Blue UniCare business, and conversion of the Connecticut Medicaid program to self-funded status.

Large-group benefit buy-downs for 2008 were in line with historical levels, and early renewals in 2009 show the same pattern as many large-group benefit designs were locked in prior to further economic declines in 2008. Employers will likely seek even better value from their benefit plans going forward. We believe this plays to our advantage because of our unique value proposition.

Administrative fees increased by \$61 million, or 7%, to \$975 million in the fourth quarter of 2008 when compared to the fourth quarter of 2007, primarily due to self-funded membership growth in National, including BlueCard and local group.

The benefit expense ratio was 83.4% in the fourth quarter of 2008, an increase of 50 basis points from 82.9% in the prior-year quarter. The increase was driven by higher medical costs and membership mix changes in the Local Group business, including the timing of medical claims recognition.

As previously disclosed, we strengthened reserves in the first quarter of 2008, when fourth-quarter 2007 claims costs developed at a higher level than was anticipated at December 31, 2007. We also incurred a higher benefit-expense ratio in our Medicare Advantage business during 2008, due principally to benefit plan design that attracted less-healthy participants. We discontinued these benefit plan designs effective January 1, 2009.

These increases in the benefit expense ratio were partially offset by the loss of the New York State prescription drug contract, which had a benefit-expense ratio higher than the overall company average and an improvement in the state-sponsored benefit-expense ratio primarily due to our withdrawal from the Ohio Medicaid programs.

The benefit expense ratio increased by 90 basis points from the third quarter of 2008, reflecting the seasonality of Local Group and individual product design, as more members fulfilled deductibles and reached out-of-pocket maximums towards the end of the calendar year. The sequentially higher benefit expense-ratio for local group and individual business was partially offset by a decline in the ratio for the California state-sponsored programs. Overall, we are achieving our targeted price increases, as evidenced by the average benefit-expense ratio groups we retained being lower than that for groups we lost. For the year ended December 31, 2008, underlying local group fully-insured medical cost trends finished at less than 8%.

Unit cost increases continue to be the primary driver of medical cost trends. We continue to price our business so that expected premium yield exceeds total cost trend, where total cost trend includes medical cost and selling, general and administrative expense.

Please note that we have changed cost-of-care trend reporting from including local group and individual fully-insured business to only local group fully-insured business.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Over the course of 2008, we experienced business mix changes within our individual product line that are distorting underlying trend. For example, in California, our highest-volume individual state, sales of low-premium product have caused an improvement in morbidity and a drop in claims that are artificially depressing trends in our individual business. Consequently, we believe that local group fully-insured business provides better visibility into the underlying trends and better reflects how we are pricing business in the marketplace.

Inpatient hospital trend is in the very low double-digit range, and it is all related to increases in cost per admission, as both admissions per 1000 members and days of care per 1000 members have declined slightly. Negotiated rate increases with hospitals and elevated average case acuity are driving higher unit costs.

Re-contracting and clinical-management efforts are methods we use to mitigate the inpatient trend increases. Key efforts in managing unit cost trends include our enterprise-wide, enhanced 360 Degree Healthcare management program, as well as a more focused review of neonatal intensive care cases, spinal surgery cases, and enhanced clinical management of chronic kidney disease and end-stage renal disease cases.

Cost trends for outpatient services are in the upper single-digit range and are almost all related to unit costs. Outpatient costs are a collection of different types of expenses, such as outpatient facilities, labs, x-rays, emergency room, and occupational and physical therapy.

The cost increases are generally driven by higher per-visit costs. Price increases within certain provider contracts, as well as more procedures being performed during each emergency room visit, continue to apply upward pressure on per-visit costs. We are continuing to develop plan design and emergency room management programs to encourage appropriate utilization of outpatient services. We are seeing the positive impact of expanding radiology management services through our American Imaging Management, or AIM, subsidiary.

Physician Services trend is in the mid-single digit range. It's about 45% unit-cost driven and 55% utilization-driven. Increases in the Physician Care category are partially driven by fee schedule changes. We continue to collaborate with physicians to improve quality of care through pay-for-performance programs.

Pharmacy trend is in the mid-single digit range and is 60% unit-cost related and 40% utilization-driven. The increased use of specialty drugs is a primary driver of the higher unit cost trend. Specialty drugs, also known as biotech drugs, are generally higher cost and are being utilized more frequently.

Our new PrecisionRX Specialty Solutions pharmacy manages over 1000 different drugs for 14 diseases, including hemophilia, multiple sclerosis, rheumatoid arthritis, psoriasis, hepatitis C, and cancer. We have built a technologically advanced specialty pharmacy staff with certified pharmacy technicians, registered nurses, and clinical pharmacists to better manage both the quality and cost of care for our members. We are addressing pharmacy cost trend by increasing our generic usage rates, benefit plan design changes, and improved pharmaceutical contracting.

Our selling, general and administrative, or SG&A, expense ratio was 15.1% in the fourth quarter of 2008, an increase of 130 basis points from 13.8% in the fourth quarter of 2007. The increase is predominately related to higher salary, fringe and related expenses. A 2007 incentive compensation that had been accrued earlier in the year was partially reversed in the fourth quarter of 2007. Expenses in 2008 also included higher outside services for customer service and technology initiatives and accrued severance related to the recently announced workforce reduction.

Our SG&A expense ratio for the full year 2008 was 14.6%, 10 basis points higher than the 14.5% in 2007. This increase also reflected higher salary and benefits, higher outside services, and expenses related to the workforce reduction. Even though this ratio was negatively impacted by the loss of \$1.3 billion in New York State prescription drug contract revenue in 2008, the expense increases were partially offset by spreading costs over a larger revenue base in 2008 and lower incentive compensation.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Net investment income decreased \$57 million, or 23%, to \$187 million in the fourth quarter of 2008 from the fourth quarter of 2007, primarily due to lower yields on short-term investments during 2008, and reduced investment balances.

During the fourth quarter of 2008, we realized pretax domestic losses of \$543 million consisting of \$257 million of other-than-temporary impairments of equity securities, \$189 million of other-than-temporary impairments of fixed-maturity securities, and realized losses of \$97 million from sales of securities. At December 31, 2008, we had fixed maturity and equity securities that were in a net unrealized loss position of \$567 million and \$209 million, respectively.

We continue to review our investment portfolio under our impairment review policy. Given the current market conditions and the significant judgments involved, there is a continuing risk that further declines in fair values may occur and additional material other-than-temporary impairments may be recorded in future periods.

Turning now to our claims reserves, medical claims payable were \$6.2 billion at the end of the fourth quarter, an increase of almost \$400 million or 7% from year-end 2007, while fully-insured membership declined by 3%. As of the December 31, 2008, Days in Claims Payable was 47.7 days, 2.7 days higher than 45 days at December 31, 2007 and a decrease of 1.4 days from September 30, 2008. The sequential decrease in DCP was driven primarily by medical benefit seasonality in the commercial business, which experiences higher benefit expense during the fourth quarter and the reduction in claim inventories that are now at two-year lows.

We've included, in our press release, a reconciliation roll-forward of our medical claims payable reserves. We report prior-year redundancies in order to demonstrate the adequacy and consistency of prior-year reserves.

In 2008, we again had significant positive prior-year reserve development of \$263 million. This level of positive reserve development is lower than the \$333 million we experienced during 2007, primarily due to the medical cost trend visibility issues we experienced near the end of 2007 following certain system migrations. We continue to establish reserves in a consistent and conservative manner and believe that our December 31, 2008 reserves are conservatively and appropriately stated.

Turning now to pension accounting, we use the smoothing method in calculating pension expense for changes in our pension plan assets. We expect about a \$0.02 per share impact on 2009 earnings from the 2008 market value losses on assets underlying our pension plan.

As of September 30, 2008, our qualified plans were overfunded when compared to pension benefit obligations calculated at our December 31, 2008 measurement date. At year-end 2008, our qualified pension plans were 90% funded, primarily due to declines in the fair value of our retirement plan assets. We do not expect to make any material contributions during 2009.

Operating cash flow for the three months ended December 31, 2008 was \$497 million or 1.5 times net income, and for 2008 full year totaled \$2.5 billion or 1 times net income. Operating cash flow for 2008 was slightly lower than our expectations, primarily due to provider receivables being higher than planned at year-end. We expect to recoup these advances in 2009.

Self-funded receivables were also higher at year-end as some of our customers held onto their cash. We closely monitor our Accounts Receivable and promptly take appropriate action as needed. We expect to generate a significant amount of operating cash flow again in 2009.

As of December 31, 2008, we had \$684 million in cash and investments held at the parent company and available for general corporate use. Approximately \$2 billion in dividends received by the parent company from our subsidiaries in the fourth quarter of 2008.

In the quarter, approximately \$800 million was used for share repurchase, interest payments, and paydown of commercial paper. Approximately \$400 million was paid to the subsidiaries as a result of the third-quarter 2008 favorable tax settlement. We expect to be able to return this to the parent company in future dividends.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

In the fourth quarter, the parent company paid approximately \$800 million on behalf of our subsidiaries, about half of which our subsidiaries reimbursed to the parent company in early 2009.

As of December 31, 2008, we have approximately \$900 million outstanding under our commercial paper program, down from \$1.3 billion outstanding at September 30, 2008. We had actually paid down the commercial paper program by a larger amount earlier in the fourth quarter. However, in December, the commercial paper market improved such that we were able to again [ladder] maturities over a longer period at acceptable rates. At December 31, 2008, there are no amounts outstanding under the \$2.4 billion senior credit facility.

Over the next two years, we have approximately \$1 billion of debt maturities scheduled or likely to come due. This includes a bond that can be put to us in the second half of 2009. We believe that we will be able to refinance these maturities at acceptable interest rates. Our debt-to-capitalization ratio as of December 31, 2008 is 29.2%, below our targeted range of low to mid 30s.

We continue to believe that maintaining the strength of our brand and our corporate liquidity is paramount. We've responded to the broader credit markets in what we believe to be an appropriate fashion.

During 2008, we repurchased 56.4 million shares, or over 10% of our shares outstanding at year-end 2007, for approximately \$3.3 billion. We have \$1 billion remaining on our share-repurchase authorization and continue to monitor financial markets as we evaluate future of share repurchase activity, subject to market condition.

As Angela noted, we currently expect low single-digit earnings per share growth in 2009 from a 2008 adjusted earnings-per-share base of \$5.48.

We believe that we have taken a prudent approach to our forecast for 2009 by considering the impact of rising unemployment on our business. We will provide additional details about our 2009 outlook at our investor day scheduled for February 24, 2009.

I will now turn the conference call back over to Angela to lead the question-and-answer session.

Angela Braly - WellPoint, Inc. - President, CEO

Thank you, Wayne. Operator, please open the queue for questions.

QUESTIONS AND ANSWERS

Operator

Okay. Ladies and gentlemen, we will now begin the question-and-answer session. (Operator Instructions). John Rex, JPMorgan.

John Rex - JPMorgan Chase & Co. - Analyst

Thank you. I just want to focus on your commentary, which you've been consistent about for '09 pricing that would anticipate something above all-in trend. Can you give us kind of just a rough estimate of what you are talking about when you say "above all-in trend"? Are we talking about 10 basis points? Are we talking about 150 basis points? Just kind of a magnitude that you are anticipating now in that positive spread?

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Angela Braly - WellPoint, Inc. - President, CEO

Wayne, do you want to talk about that?

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Yes. You know, we talked on our third-quarter call that we obviously thought we were seeing rising trend although -- in terms of our pricing for '09 -- but at the same time, we thought we were beginning to see some deceleration off that.

Clearly, for the current year, we now believe we are slightly less than 8% on trend. I still think we will be 8% plus or minus 50 for next year, but I would say right now we are not ready to declare the trend has slowed down and we've maintained our higher pricing levels.

That being said, we did do a market-by-market analysis where we thought it was appropriate to maintain those slightly higher levels. But John, as you know, in a tough economy like we have right now, in a very competitive environment, we are not talking anything near of 100 basis points or more. I mean, this is slightly above trend.

John Rex - JPMorgan Chase & Co. - Analyst

I mean, would 50 be fair to assume, kind of at least as a target rate, that you are targeting a 50 basis point positive spread?

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

You know, John, again, what I would say is that, until we know where trend will ultimately finalize for the year, it's hard to even tell you whether we are over by 50 or 10 or 20.

Again, I would say that we are priced slightly above trend. We feel comfortable with that. Early indications would be positive relative to that, but until we see how the economy reacts -- and the fact is, with the economic downturn, you could get some adverse selection and so we bake some of that in as well. So again, we will see what ultimately happens. We will provide more updates in the first-quarter call.

Operator

Justin Lake, UBS.

Justin Lake - UBS - Analyst

Thanks. My question is around the membership guidance for '09. I know you are not talking to specific numbers, but you did mention that you expect a deteriorating economy and therefore double-digit unemployment in certain states. I just want to get a little more specificity around that.

Can you give us an idea of where you think your weighted average unemployment rate is coming out of 2008? What's your single-digit EPS growth guidance assumes for unemployment, on a weighted-average basis for 2009?

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Angela Braly - WellPoint, Inc. - President, CEO

Yes, Justin, thanks for the question. You are right to look at it on a weighted-average basis for all of our -- we look primarily at our Blue states where our membership resides. As we look for '09, we are assuming around 10% for overall unemployment on a weighted-average basis.

Justin Lake - UBS - Analyst

Where is that now?

Angela Braly - WellPoint, Inc. - President, CEO

It's not quite there. It's not there at this point. That's the forecast that we have. You know, we are seeing and watching the development on a real-time basis in terms of unemployment levels. You know there have been a lot of recent announcements about some of our key states, so it varies by state. On a weighted-average basis, it is lower than that now, significantly lower than that, but we are using an assumption of about 10% on a weighted-average basis for '09.

Justin Lake - UBS - Analyst

But it is significantly lower than that now, so you've got a fairly (multiple speakers)?

Angela Braly - WellPoint, Inc. - President, CEO

Well, it's closer to what you're hearing on a national average. You know, we are not quite at the index level exactly because we have some states that have unemployment at slightly higher levels than you see otherwise. So, I would say it is pretty close to the averages that you're hearing on a national basis, maybe slightly higher than that.

Operator

Josh Raskin, Barclays Capital.

Josh Raskin - Barclays Capital - Analyst

Thank you. Good morning. My question relates to sort of the juxtaposition of your cost trend expectations versus your guidance. It sounds like, three months ago, you were talking about mid-single-digit guidance for '09, EPS off of a slightly higher number? Now, you're at sort of the low end of that range talking about low single-digit growth. Yet, it sounds like cost trends actually moderated a little bit.

So I guess two questions are what's driving that moderation in cost trend, and then what is offsetting that positive impact in the '09 guidance that makes you a little bit more wary?

Angela Braly - WellPoint, Inc. - President, CEO

Wayne, do you want to take that?

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Yes. A couple of things -- one is we are not going to bake in any moderation in trend yet into '09 until we see more development. So one is while we did finish the year slightly below 8%, we are not baking that into the single-digit, low single-digit guidance that we've provided.

I do want to highlight a few things, though. As you know, clearly, interest rates have declined in terms of investment income with Fed cuts that occurred in the fourth quarter. That clearly also impacts that from a below-the-line perspective.

We are assuming, as Angela said, double-digit unemployment levels on a weighted-average basis. While member states aren't there yet, if you look at some of the largest states, take California in particular, it's already over 9% today. Obviously, you know, that's a significant state for us.

So I think we are baking in what we think is a prudent and reasonable level of outcomes that could occur with a downward economy, but whether or not there is upside there will be very dependent upon where the economy falls out.

Josh Raskin - Barclays Capital - Analyst

Just to follow-up on the med cost trends, what is driving that lower?

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Well, I mean, from our perspective, we did see some of the inpatient -- again, the per utilization has been slightly down, both in the days per 1000 and the admits per 1000. So that came in a little bit better than we expected at this point.

I'm not sure that anything is really an outlier from what many of you have seen already. I think we did see lower activity both in October, November. We did see a slight true-up of that in December, but I would say that things did appear to slow down a bit.

Operator

Matthew Borsch, Goldman Sachs.

Matthew Borsch - Goldman Sachs - Analyst

My question is if you could talk a little bit about the dynamics you're seeing in terms of in-group attrition, the extent -- obviously probably I would assume that the bulk of that is from workforce reductions at your employer clients. But what are you seeing if you can track this in terms of take-up rates or changes in take-up rates if you have any insight on that? In other words, maybe some people declining to take up employer-offered coverage, given the economic pressures?

Angela Braly - WellPoint, Inc. - President, CEO

Thanks for that question, Matt. Ken Goulet is here with us this morning, so Ken, can you address that, please?

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Ken Goulet - WellPoint, Inc. - President & CEO of Commercial Business Unit

Hi, Matt, it's Ken. We've been tracking this pretty closely since -- throughout 2008 and now going into 2009. Since October 1, 2008 through what we find through the wires and talking with our clients, there were 116 significant layoffs, 52 included our clients. We monitor the membership losses for each of those.

There were a number of specific cases, retail and others, that did impact us on a membership basis, and that is built into our plan. So, we are tracking it on the larger cases.

On the small group, we are seeing some changes and the deteriorating economy will have an impact; it's built into our plan for next year. But there is a trend of, in some areas, of lower employer contributions for dependents. Therefore, there is some attrition in our small group areas where there are in-force losses due both to the economy of layoffs but also due to smaller contributions and some looking for individual and other alternatives.

Matthew Borsch - Goldman Sachs - Analyst

So, would it be fair to say you are seeing it with the small employer segment but not as much for the large?

Ken Goulet - WellPoint, Inc. - President & CEO of Commercial Business Unit

Yes, that's correct. The large is bigger hits and we see it in the small not as much, although we are tracking it closely.

Operator

Scott Fidel, Deutsche Bank.

Scott Fidel - Deutsche Bank - Analyst

Thanks. My first question -- can you just size the severance charge that you took in the fourth quarter? Was that the \$24 million that you had previously indicated? And then talk about some of the annualized run-rate savings that you expect to generate in the future from those actions?

Angela Braly - WellPoint, Inc. - President, CEO

Wayne, do you want to take that?

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Yes, hi, Scott. The severance charge -- the number that reported is in fact the number that it finished at. It's about a \$0.05 impact on EPS when you look at it from that perspective. You know, we obviously expected some positive run-rate benefits in our SG&A. I would tell you that they are in excess of \$100 million, relative to those severance charges.

Scott Fidel - Deutsche Bank - Analyst

If I could just ask a follow-up just around the decline in the medical claims inventory, can you talk about which particular markets or product segments you are really seeing the decline in inventories, or is that pretty much across the board in terms of commercial, Medicare and Medicaid?

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Angela Braly - WellPoint, Inc. - President, CEO

Yes, I'm going to let -- Ken Goulet runs out Operations Council and our service function, and so I'm going to ask him to answer that.

Ken Goulet - WellPoint, Inc. - President & CEO of Commercial Business Unit

Scott, it really is pretty much across the board. We've been driving lower claim inventories in both state-sponsored senior and commercial business. As Wayne mentioned in the opening comments, we are at a two-year low right now and reduced 8% in the fourth quarter. It really is across the board. We wanted to drive inventories down for a variety of reasons, to get better exposure and to provide continually better service. But it's across all lines of business.

Angela Braly - WellPoint, Inc. - President, CEO

You know, this is a concentrated effort for this year, and it really has produced a great result in terms of overall declines in claims inventories, just given our actuaries, the visibility that we were seeking early in the year, as well as just, as Ken said, improving the service to our customers.

Operator

Charles Boorady, Citi.

(technical difficulty)

Angela Braly - WellPoint, Inc. - President, CEO

We are having some technical difficulty, operator.

Operator

It is coming from Mr. Boorady's line. If you can pick up the handset? (technical difficulty)

Charles Boorady - Citigroup - Analyst

I can hear you okay on my end. Is that better?

Angela Braly - WellPoint, Inc. - President, CEO

That's much better, Charles. Thank you.

Charles Boorady - Citigroup - Analyst

You probably guessed what my question was going to be anyway -- just around the PBM and whether you've been more open lately to considering alternatives for it. I also wanted to ask about the med loss ratios by product, which I know you don't disclose but in the past you've given us, directionally, the year-over-year change in the loss ratio for commercial versus Medicare. I wonder if you can do that for us today.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Angela Braly - WellPoint, Inc. - President, CEO

Sure, Charles. You know, we believe that we have an obligation to look at all of our assets and try to make sure we are really creating the most value for our customers and our shareholders. So we will do that with everything, including the PBM.

But let me say we are a real believer that one of our key roles is integration, as you know, which means that we have a relationship with a member and we can create value by making sure that there is a coordinated view of their medical care, whether it is their pharmacy benefit or their medical benefits or their wellness benefit -- how we can impact that overall. So we continue to view our responsibility to look at those assets and, importantly, deliver the best value to our customers.

So, in terms of being more specific around our segments, I am going to ask Wayne to respond.

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Hi, Charles. You know, as you mentioned, obviously we don't provide that detail by major segment, but obviously we know, year-over-year, '08 to '07, our loss ratio was up over all product segments. Obviously, we would expect, going into '09, that in many of those segments, you will see that come back down. Again, we will provide more details in late February at our IR day.

Charles Boorady - Citigroup - Analyst

Can you comment at all on, directionally, the improvements or deteriorations in commercial, Medicare, and also on prior-period developments, maybe how they have trended by product?

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Well, I would say that, throughout 2008 starting after the first quarter, we've had positive prior-period development in each quarter for the last three quarters. We have continued to maintain that reserve strengthening, though, so again, if you look -- and across all segments, Charles, and all products. So again, if you were to look at our 12/31/2008 reserve levels, even with the positive development in each period, we believe we've maintained a very strong balance sheet with over \$400 million of year-over-year increased reserves despite inventories being paid down by 43% and despite fully insured being down for the year significantly.

Operator

Carl McDonald, Oppenheimer.

Carl McDonald - Oppenheimer & Co. - Analyst

Thank you. I wanted to know if you had assumed any impact from the potential COBRA subsidy that has been talked about in the fiscal stimulus package and the outlook, and then either way, if you could just comment on, if it does pass, what you think the impact will be, both from an enrollment and from a med-loss ratio perspective on that COBRA membership?

Angela Braly - WellPoint, Inc. - President, CEO

Yes, Carl, we haven't baked in any expectations around that COBRA subsidy, but we do think it would have a positive impact, both on membership and potentially slightly around adverse selection. You know, the typical take-up rate for COBRA is very

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

low. It's typically about 10%, potentially, of the group member. And so with the subsidy, we think that would drive the membership up as well as improving selection.

Carl McDonald - *Oppenheimer & Co. - Analyst*

Any sense of the magnitude on either the take-up rate or the difference in the loss ratio?

Angela Braly - *WellPoint, Inc. - President, CEO*

Not specifically, but I will let Brian Sassi, who is with us here today, talk a little bit about some of our efforts that he and Ken have around as unemployment grows and some of the group members lose their group coverage or go through COBRA, the options that we have that are available for them. Brian, do you want to speak to that?

Brian Sassi - *WellPoint, Inc. - President & CEO of Consumer Business Unit*

Sure. Hi, Carl. Ken and I are working very closely to develop kind of tight connections as large group employers downsize to offer not only COBRA on the commercial side but individual products to ensure that employers know that we have good individual product offerings in their state, as well as Medicaid for those who qualify, are a much better value proposition for members as they exit group coverage. So, we are going to be very focused as the economy continues to turn.

Operator

Ana Gupte, Sanford Bernstein.

Ana Gupte - *Sanford C. Bernstein & Co. - Analyst*

Thanks. Good morning. My question is about what's going on in the nonprofit Blue world. I was wondering in context of some of the capital constraints they may be facing, equity write-downs and the like. Are you seeing any opportunity to gain membership in your BlueCard program as they cannot make their bids or meet client service requirements? And then as independence and Highmark and other consolidation initiatives are again coming against regulatory constraints?

Angela Braly - *WellPoint, Inc. - President, CEO*

Thanks for the question, Ana. I'm going to talk about the non-Blue -- nonprofit Blues just generally. You know, we have a really positive relationship and have business relationships providing a variety of services. A number of Blue plans, for example, have our AIM radiology management product. We are trying to work with them in new and different ways and achieve opportunities for us to scale our operations with our Blue partners as well.

We don't talk about any specific issues or any specific states, but you know, we continue to believe that WellPoint is a very attractive consolidation partner for other Blue plans because we do have the scale, we can make the investments in technology, and we continue to share that.

I'm going to ask Ken to talk about his expectations around the BlueCard program and how we are working with other Blue plans there.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Ken Goulet - *WellPoint, Inc. - President & CEO of Commercial Business Unit*

Ana, if I understood the question right, it was does it present opportunities specifically for -- I think for our home business?

First, BlueCard continues to be a good program, grows across the board. We have a number of initiatives between all Blues that are helping the employer needs.

We have, over last couple of years, built a number of capabilities up that we feel are leading the industry in a number of areas, including service, transparency, clinical programs and other. As a result, we do have some clients ask for us to take the lead in overall administrative services, and particularly in the venture capital world where they have business across many states and choose who could be a lead. So we have seen some growth in those areas and as our capabilities have grown, more desire for our services, but BlueCard in general remains strong and we partner very closely with the other Blues.

Ana Gupte - *Sanford C. Bernstein & Co. - Analyst*

Thanks, just one follow-up. Can you comment on your M&A outlook for other Blues and then your plans for UniCare?

Angela Braly - *WellPoint, Inc. - President, CEO*

Yes, let me speak to that. The M&A -- as we've stated and this hasn't really changed at all, we continue to believe we are a great partner to consolidate other Blues. We never talk about any rumors or speculation, but we continue to describe for folks how we think that works for customers across the country.

In terms of the UniCare strategy specifically, Ken, in his responsibilities, includes UniCare. There have been efforts where we've looked at the strategy this year for UniCare. I will let Ken speak to those.

Ken Goulet - *WellPoint, Inc. - President & CEO of Commercial Business Unit*

We mentioned, in the opening comments, that UniCare did not grow last year, and we actually had a reduction in coverage of about 279,000 members. Much of that was a very focused effort to turn the financials positive for UniCare. We took some very aggressive pricing actions, recognizing the impact we would have on membership but wanted to make sure that both small group and large group was priced right.

As we go into the 2009, there will still be some membership reduction early, and that's built into our plan as we finish up some pricing actions. But we've built a strategy that we will share in much more detail at investor relations day, but it is focused on specific provider partnerships and smaller networks that we're using in certain areas as well as some very select target geographies that we feel we have opportunity to grow and maximize in. So we will share that, but the strategy is for UniCare to be kind of a niche player in certain markets where we can grow market share, and then to make sure that we price right across the board in all of our markets.

Operator

Peter Costa, FTN.

Peter Costa - *FTN Midwest Research - Analyst*

Can you explain a little more about the change away from focal renewals and what that's going to do to pricing? What portion of the business does that apply to? What's going to be the new seasonal pattern for the timing of price hikes? Does that imply

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

that sort of those first price hikes happened here since May happen in January of this year and then going through to December -- so the ones repriced in December will be at the same price for a year and a half or so? Is that the way to read that?

Angela Braly - WellPoint, Inc. - President, CEO

Ken, do you want to go ahead and address that?

Ken Goulet - WellPoint, Inc. - President & CEO of Commercial Business Unit

Yes, I will address that. First, I would state again the rationale for it. We recognized several years ago that, while we had significant competitive advantages in California and were doing some things to help us administratively to batch all renewals into one month, that our competitors were able to target us and recognize what our renewals would be after the focal renewal, which was on May 1. So starting in 2004, we started to do new business off the focal cycle and new business at that point would renew on its calendar date.

About 50% of the business is on a focal renewal; 50% is not right now, ballpark numbers. What we will be doing is going from the May, where we would normally be having May renewals that will be extended up to the calendar date of the renewal -- that instead of doing one small group block, it would be spread throughout the year. That's impacting about 45,000 groups. It will extend -- it has been built into our plan and we've built it specifically into the California plan, both the financial impacts and the way we are working around it. But we feel coming out of this new renewal approach will be identical to what we are in our other states, and will have -- will no longer be at a competitive disadvantage. In fact, we will be able to use this to our advantage going forward.

Wayne DeVeydt - WellPoint, Inc. - EVP, CFO

Pete, it's about a \$0.01 impact on 2009, but I think we believe the upside is significant to 2010.

Peter Costa - FTN Midwest Research - Analyst

Okay, thanks. A second question, if you don't mind? Your inpatient trend is still at the double-digit levels. Nobody is really getting double-digit price increases two years in a row in this economy. Why were your hospitals able to get that from you at this point in time, and what are you doing about that going forward?

Angela Braly - WellPoint, Inc. - President, CEO

Yes. What we are seeing is some elevated average case acuity and I think that's a big driver for us, as well as just the increase in contracting. But we are very focused on the recontracting efforts, making sure that we can mitigate the trend as well as the management programs, because it's not just in the contract that you execute but also in how you work through healthcare management. So, with our 360 Degree Healthcare management programs, we are very focused on that. We've looked specifically at neonatal issues, spinal surgery cases. We are trying to manage the chronic kidney disease and end-stage renal disease cases to really have an impact on that inpatient as well as outpatient, but primarily in the inpatient area.

Operator

(Operator Instructions). Greg Nersessian, Credit Suisse.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

Greg Nersessian - *Credit Suisse - Analyst*

My question was on the consumer business. I was wondering if you could maybe quantify for us the impact on the MLR in that business from the market segments that you are walking away from, the Medicare product that you've discontinued, as well as some of the state-sponsored business in Nevada and in Ohio. How will that impact the operating margins in that business, I guess, next year?

Angela Braly - *WellPoint, Inc. - President, CEO*

Brian, who runs Consumer, is here with us, so Brian?

Brian Sassi - *WellPoint, Inc. - President & CEO of Consumer Business Unit*

Okay. You know, we don't release the MLRs by segment, but I can say, directionally, the exits from both Nevada and Ohio are having a positive impact on our MLR, Ohio being obviously the bigger driver primarily because it had close to 170,000 members. Nevada, to a much lesser extent, we only had about 50,000 members there, but overall, a generally positive impact going into '09.

Greg Nersessian - *Credit Suisse - Analyst*

When I look at your operating margins in that business, in '07, you were slightly over 5% this year, about 3.5%. So, when you think about 2009, do you sort of view the 2007 level as kind of your targeted range for that business?

Wayne DeVeydt - *WellPoint, Inc. - EVP, CFO*

Yes

Greg Nersessian - *Credit Suisse - Analyst*

Is that reasonable range?

Wayne DeVeydt - *WellPoint, Inc. - EVP, CFO*

Yes, Greg, this is Wayne. I think that's a reasonable and fair proxy. You will see margin improve. They are improving not only because we are exiting what we would believe to be unprofitable states, but at the same time, keep in mind that a lot of reserve strengthening was done this year. So in theory, we won't have to have that happen again next year. So you'll see margin improvements and I think you'll see something a little closer to '07 levels.

Greg Nersessian - *Credit Suisse - Analyst*

Okay, great. That's helpful. Thanks.

Angela Braly - *WellPoint, Inc. - President, CEO*

I want to thank you for your questions. We are going to wrap it up here.

Jan. 28. 2009 / 8:30AM, WLP - Q4 2008 WellPoint, Inc. Earnings Conference Call

In closing, I want you to know that we remain very confident in our future. We believe there are both challenges and opportunities in the current economy, and we are taking the actions necessary to lead our company in addressing the challenges and capitalizing on the opportunities. Our core operations remain strong. We are executing on our plans to provide a firm base for 2009 and beyond. We continue to focus on excelling at day-to-day operations and strive to meet or exceed our service commitments and financial expectations.

I thank you for participating in our call this morning. Operator, please provide the call replay information.

Operator

Thank you. Ladies and gentlemen, this conference will be available for replay after 11 AM Eastern time today through February 11. You may access the AT&T teleconference replay system at any time by dialing 1-800-475-6701 and entering the access code 977146. International participants, dial 320-365-3844. (Operator repeats numbers).

That does conclude your conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.

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.

©2009, Thomson Financial. All Rights Reserved.