

Wellpoint Systems

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WellPoint buys managed healthcare firm Amerigroup for \$4.46 bln

WellPoint (NYSE:WLP) Monday agreed to buy Amerigroup Corp. (NYSE:AGP) for \$92 per share, bringing together two major managed health care companies. WellPoint valued the deal at \$4.9 billion.

WellPoint's offer is at a 43 per cent premium to the company's closing price Friday of \$64.34. Amerigroup currently has about 48.5 million outstanding shares.

"We believe that this combination will create an industry leader in the government sector serving Medicaid and Medicare enrollees," WellPoint's chair, president and chief executive officer Angela F. Braly said.

"This is an opportunity to capitalize on the strengths of both companies to better serve our members and position our companies for future growth as the health insurance industry changes and as we prepare for health insurance exchanges."

Amerigroup's chairman and chief executive James G. Carlson added: "Today's health care arena is more transformative than ever and companies must have broad capabilities to succeed. In 14 states, WellPoint has the most powerful brand in the health care industry and we are looking forward to adding our experience and reputation to their capabilities."

The acquisition will make WellPoint the top private manager of Medicaid benefits in the U.S. with 4.5 million members in the government-sponsored programs.

The deal also comes amid uncertainty about the program's future. The U.S. Supreme Court upheld President Barack Obama's plans to expand Medicaid by 17 million people in a ruling two weeks ago while also weakening the administration's ability to force states to comply.

The transaction is expected to close in 2013's first quarter. It still needs certain regulatory approvals and the approval of Amerigroup stockholders.

The deal is expected to add to WellPoint's 2013 earnings per share and add more than \$1 per share by 2015.

Share Information

Code: WPS

Listing: TSX

Sector: Oil & Gas Services

Website: www.wellpointsystems.com

Company Synopsis:

WellPoint Systems is the premier provider of enterprise applications and related services for managing business in the global energy sector. The company's diverse product line reaches across boundaries from upstream to mid-stream. WellPoint is the only enterprise solution provider on the Microsoft Dynamics AX business software platform targeting global energy companies.

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