

HEALTHWAYS, INC  
Form 10-Q  
May 07, 2009  
UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**FORM 10-Q**

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

For the Quarterly Period Ended March 31, 2009

or

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number 000-19364

**HEALTHWAYS, INC.**

(Exact Name of Registrant as Specified in its Charter)

Delaware  
(State or Other Jurisdiction of  
Incorporation or Organization)

62-1117144  
(I.R.S. Employer  
Identification No.)

Edgar Filing: HEALTHWAYS, INC - Form 10-Q

701 Cool Springs Boulevard, Franklin, TN 37067  
(Address of Principal Executive Offices) (Zip Code)

615-614-4929  
(Registrant's Telephone Number, Including Area Code)

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

---

Edgar Filing: HEALTHWAYS, INC - Form 10-Q

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

As of May 4, 2009 there were outstanding 33,689,869 shares of the Registrant's Common Stock, par value \$.001 per share.

2

---

Healthways, Inc.

Form 10-Q

Table of Contents

		Page
<u>Part I</u>		
<u>Item 1.</u>	<u>Financial Statements</u>	4
<u>Item 2.</u>	<u>Management's Discussion and Analysis of Financial Condition and</u>	
	<u>Results of Operations</u>	20
<u>Item 3.</u>	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	34
<u>Item 4.</u>	<u>Controls and Procedures</u>	34
<u>Part II</u>		
<u>Item 1.</u>	<u>Legal Proceedings</u>	36
<u>Item 1A.</u>	<u>Risk Factors</u>	38
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	38
<u>Item 3.</u>	<u>Defaults Upon Senior Securities</u>	38
<u>Item 4.</u>	<u>Submission of Matters to a Vote of Security Holders</u>	38
<u>Item 5.</u>	<u>Other Information</u>	38
<u>Item 6.</u>	<u>Exhibits</u>	38

## Part I

## Item 1. Financial Statements

## HEALTHWAYS, INC.

## CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

## ASSETS

	March 31, 2009	December 31, 2008
Current assets:		
Cash and cash equivalents	\$ 40,739	\$ 5,157
Accounts receivable, net	123,703	115,108
Prepaid expenses	11,762	13,479
Other current assets	7,093	3,810
Income taxes receivable	8,000	—
Deferred tax asset	27,748	30,488
Total current assets	219,045	168,042
Property and equipment:		
Leasehold improvements	37,367	34,635
Computer equipment and related software	142,441	138,369
Furniture and office equipment	29,392	29,610
Capital projects in process	21,862	17,462
	231,062	220,076
Less accumulated depreciation	(117,639 )	(108,635 )
	113,423	111,441
Other assets	8,083	18,089
Customer contracts, net	31,360	32,715
Other intangible assets, net	67,326	68,207
Goodwill, net	484,584	484,596
Total assets		