

Summit Hotel Properties, Inc.
Form S-3ASR
April 01, 2015

As filed with the Securities and Exchange Commission on April 1, 2015

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM S-3

REGISTRATION STATEMENT

*UNDER
THE SECURITIES ACT OF 1933*

SUMMIT HOTEL PROPERTIES, INC.

(Exact name of registrant as specified in its charter)

Maryland **27-2962512**
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

12600 Hill Country Boulevard, Suite R-100

Austin, Texas 78738

(512) 538-2300

(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Daniel P. Hansen

President and Chief Executive Officer

12600 Hill Country Boulevard, Suite R-100

Austin, Texas 78738

(512) 538-2300

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

**David C. Wright, Esq.
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Riverfront Plaza, East Tower
951 East Byrd Street
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Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box. "

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If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend or interest reinvestment plans, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a registration statement pursuant to General Instruction I.D. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.D. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box.

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

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum aggregate offering price ⁽¹⁾	Amount of registration fee
Common Stock, par value \$0.01 per share	412,174	\$ 5,644,723	\$ 656

(1) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457 of the Securities Act of 1933, as amended, based on a price of \$13.695, the average of the high and low prices of the registrant's common

stock on the New York Stock Exchange on March 27, 2015.

PROSPECTUS

412,174 Shares Common Stock

This prospectus relates to the possible offer and resale from time to time of up to 412,174 shares of our common stock by the selling stockholders named in this prospectus or in supplements to this prospectus, or the selling stockholders. See “Selling Stockholders.”

The shares of our common stock covered by this prospectus may be issued by us in exchange for 412,174 common units of limited partnership, or common units, in Summit Hotel OP, LP, our operating partnership, tendered for redemption by one or more of the limited partners of our operating partnership. We are registering the applicable shares of our common stock to provide the selling stockholders with freely tradable securities. The registration of the shares of our common stock covered by this prospectus does not necessarily mean that any of the holders of common units will request that our operating partnership redeem their common units, that upon any such redemption we will elect to exchange some or all of the common units tendered for redemption for shares of common stock, or that any shares of our common stock requested for resale or received in exchange for common units will be sold by the selling stockholders.

We are not offering for sale any shares of our common stock pursuant to this prospectus. We will receive no proceeds from any sale of the shares by the selling stockholders, but we have agreed to pay certain registration expenses.

Our common stock is listed on the New York Stock Exchange, or the NYSE, under the symbol “INN.” On March 31, 2015, the last reported sale price our common stock on the NYSE was \$14.07 per share.

Investing in our common stock involves risks. Before making a decision to invest in our common stock, you should carefully consider the risks described in this prospectus and any accompanying prospectus supplement, as well as the risks described under the section entitled “Risk Factors” included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the Securities and Exchange Commission.

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

The date of this prospectus is April 1, 2015

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Except where the context suggests otherwise, the terms “we,” “our,” “us,” “our company” and the “company” refer to Summit Hotel Properties, Inc., a Maryland corporation, and its subsidiaries on a consolidated basis; and “our operating partnership” means Summit Hotel OP, LP, a Delaware limited partnership for which one of our wholly owned subsidiaries serves as the general partner. Summit Hotel TRS, Inc., a Delaware corporation, which we refer to in this prospectus as “Summit TRS,” is a taxable REIT subsidiary, or TRS, and we refer to Summit TRS and any other TRSs that we may form in the future as “our TRSs.” We refer to our TRSs and the wholly owned subsidiaries of our TRSs that lease our hotels from our operating partnership or subsidiaries of our operating partnership as “our TRS lessees.”

You should rely only on the information contained or incorporated by reference in this prospectus. Neither we nor any selling stockholder have authorized anyone to provide you with information different from that contained or incorporated by reference in this prospectus. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. You must not rely on any unauthorized information or representation. You should assume that the information in this prospectus is accurate only as of the date on the front of the document and that any information incorporated by reference is accurate only as of the date of the document containing the incorporated information. Our business, financial condition, results of operations and

prospects may have changed since that date.

ABOUT THIS PROSPECTUS

This prospectus is part of a “shelf” registration statement that we have filed with the Securities and Exchange Commission, or the SEC, to register the resale of up to 412,174 shares of our common stock by the selling stockholders from time to time. The exhibits to our registration statement and the documents incorporated by reference contain the full text of certain contracts and other important documents that we have summarized in this prospectus or that we may summarize in a prospectus supplement. Since these summaries may not contain all the information that you may find important in deciding whether to invest in our common stock, you should review the full text of these documents. The registration statement and the exhibits and other documents can be obtained from the SEC as indicated under the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information By Reference.”

The selling stockholders may from time to time offer and sell, transfer or otherwise dispose of any or all of the shares of our common stock covered by this prospectus through underwriters or dealers, directly to purchasers or through broker-dealers or agents. A prospectus supplement may describe the terms of the plan of distribution and set forth the names of any underwriters involved in the sale of the shares. See “Plan of Distribution” for more information.

If there is any inconsistency between the information in this prospectus and any prospectus supplement, you should rely on the information in the prospectus supplement. You should read carefully both this prospectus and any prospectus supplement together with the additional information described under the sections entitled “Where You Can Find More Information” and “Incorporation of Certain Information By Reference.”

CERTAIN TRADEMARKS

THIS PROSPECTUS, INCLUDING THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN, CONTAINS REGISTERED TRADEMARKS THAT ARE THE EXCLUSIVE PROPERTY OF THEIR RESPECTIVE OWNERS, WHICH ARE COMPANIES OTHER THAN US, INCLUDING, BUT NOT LIMITED TO THE FOLLOWING OWNERS: MARRIOTT INTERNATIONAL, INC., OR *MARRIOTT*; HILTON WORLDWIDE, INC., OR *HILTON*; INTERCONTINENTAL HOTELS GROUP, OR *IHG*; HYATT CORPORATION, OR *HYATT*; COUNTRY INNS & SUITES BY CARLSON, INC., OR *CARLSON*; AND STARWOOD HOTELS AND RESORTS WORLDWIDE, INC., OR *STARWOOD*. NONE OF THESE TRADEMARK OWNERS, THEIR PARENTS, SUBSIDIARIES OR AFFILIATES OR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, MEMBERS, MANAGERS, STOCKHOLDERS, OWNERS, AGENTS OR EMPLOYEES IS AN ISSUER OR UNDERWRITER OF THE SECURITIES COVERED BY THIS PROSPECTUS, PLAYS (OR WILL PLAY) ANY ROLE IN THE OFFER OR SALE OF OUR SECURITIES OR HAS ANY RESPONSIBILITY FOR THE CREATION OR CONTENTS OF THIS PROSPECTUS, INCLUDING THE DOCUMENTS INCORPORATED BY REFERENCE HEREIN. IN ADDITION, NONE OF THE TRADEMARK OWNERS HAS OR WILL HAVE ANY LIABILITY OR RESPONSIBILITY WHATSOEVER ARISING OUT OF OR RELATED TO THE OFFER OR SALE OF THE

SECURITIES COVERED BY THIS PROSPECTUS, INCLUDING ANY LIABILITY OR RESPONSIBILITY FOR ANY FINANCIAL STATEMENTS, PROJECTIONS OR OTHER FINANCIAL INFORMATION OR OTHER INFORMATION INCORPORATED BY REFERENCE IN THIS PROSPECTUS OR OTHERWISE DISSEMINATED IN CONNECTION WITH THE OFFER OR SALE OF THE SECURITIES COVERED BY THIS PROSPECTUS. YOU MUST UNDERSTAND THAT YOUR SOLE RECOURSE FOR ANY ALLEGED OR ACTUAL IMPROPRIETY RELATING TO THE OFFER AND SALE OF THE SECURITIES COVERED BY THIS PROSPECTUS AND THE OPERATION OF OUR BUSINESS WILL BE AGAINST US OR THE APPLICABLE SELLING STOCKHOLDER AND IN NO EVENT MAY YOU SEEK TO IMPOSE LIABILITY ARISING FROM OR RELATED TO SUCH ACTIVITY, DIRECTLY OR INDIRECTLY, UPON ANY OF THE TRADEMARK OWNERS.

WE ARE PARTY TO A LICENSE AGREEMENTS WITH THE SHERATON, LLC THAT ENABLES A THIRD-PARTY HOTEL MANAGEMENT COMPANY ENGAGED BY US TO OPERATE HOTELS USING THE SERVICE MARK “ALOFT®” AND THE TRADEMARK “FOUR POINTS™.” NEITHER THE SHERATON, LLC NOR ANY OF ITS AFFILIATES OWN EITHER HOTEL, IS A PARTICIPANT IN THIS OFFERING, OR HAS PROVIDED OR REVIEWED, OR IS RESPONSIBLE FOR, ANY DISCLOSURES OR OTHER INFORMATION SET FORTH IN THIS PROSPECTUS.

FORWARD-LOOKING STATEMENTS

This prospectus and any accompanying prospectus supplement, including the information incorporated by reference in this prospectus and any accompanying prospectus supplement, contain certain forward-looking statements within the meaning of Section 27A of Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 and include this statement for purposes of complying with these safe harbor provisions.

Forward-looking statements, which are based on certain assumptions and describe our future plans, strategies and expectations, are generally identifiable by use of the words “may,” “could,” “expect,” “intend,” “plan,” “seek,” “anticipate,” “estimate,” “predict,” “forecast,” “project,” “potential,” “continue,” “likely,” “will,” “would” or similar expressions. You should exercise caution in relying on forward-looking statements since they involve known and unknown risks, uncertainties and other factors that are, in some cases, beyond our control and which could materially affect actual results, performances or achievements. Factors that may cause actual results to differ materially from current expectations include, but are not limited to:

- financing risks, including the risk of leverage and the corresponding risk of default on our mortgage loans and other debt and potential inability to refinance or extend the maturity of existing indebtedness;

- national, regional and local economic conditions;

- levels of spending in the business, travel and leisure industries, as well as consumer confidence;

- adverse changes in occupancy, average daily rate and revenue per available room and other hotel operating metrics;

- hostilities, including future terrorist attacks, or fear of hostilities that affect travel;

- financial condition of, and our relationships with, third-party property managers and franchisors;

- the degree and nature of our competition;

- increased interest rates and operating costs;

- increased renovation costs, which may cause actual renovation costs to exceed our current estimates;

- changes in zoning laws and increases in real property tax rates;

risks associated with potential acquisitions, including the ability to ramp up and stabilize newly acquired hotels with limited or no operating history, and dispositions of hotel properties;

· availability of and our ability to retain qualified personnel;

· our failure to maintain our qualification as a real estate investment trust, or a REIT, under the Internal Revenue Code of 1986, as amended, or the Code;

· changes in our business or investment strategy;

· availability, terms and deployment of capital;

· general volatility of the capital markets and the market price of our shares of common stock;

environmental uncertainties and risks related to natural disasters; and

the factors referenced or incorporated by reference in this prospectus and any prospectus supplement, as well as the factors described under the section entitled “Risk Factors” included in our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the SEC.

These factors are not necessarily all of the important factors that could cause our actual results, performance or achievements to differ materially from those expressed in or implied by any of our forward-looking statements. Other unknown or unpredictable factors, many of which are beyond our control, also could harm our results, performance or achievements.

All forward-looking statements contained in this prospectus and any accompanying prospectus supplement, including the information incorporated by reference in this prospectus and any accompanying prospectus supplement, are expressly qualified in their entirety by the cautionary statements set forth above. Forward-looking statements speak only as of the date they are made, and we do not undertake or assume any obligation to update publicly any of these statements to reflect actual results, new information or future events, changes in assumptions or changes in other factors affecting forward-looking statements, except to the extent required by applicable laws. If we update one or more forward-looking statements, no inference should be drawn that we will make additional updates with respect to those or other forward-looking statements.

WHERE YOU CAN FIND MORE INFORMATION

We are subject to the informational requirements of the Exchange Act, and, in accordance with those requirements, file reports, proxy statements and other information with the SEC. Such reports, proxy statements and other information, as well as the registration statement and the exhibits and schedules thereto, can be inspected at the public reference facilities maintained by the SEC at 100 F Street, N.E., Washington, D.C. 20549. Copies of such materials may be obtained at prescribed rates. Information about the operation of the public reference facilities may be obtained by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains reports, proxy statements and other information regarding registrants, including us, that file such information electronically with the SEC. The address of the SEC’s website is www.sec.gov. Copies of these documents may be available on our website at www.shpreit.com. Our website and the information contained therein or connected thereto are not incorporated into this prospectus or any amendment or supplement to this prospectus.

We have filed with the SEC a registration statement on Form S-3 under the Securities Act with respect to the shares of our common stock that may be offered by the selling stockholders. This prospectus, which forms a part of the registration statement, does not contain all of the information set forth in the registration statement and its exhibits and schedules, certain parts of which are omitted in accordance with the SEC’s rules and regulations. For further information about us and the securities, we refer you to the registration statement and to such exhibits and schedules.

You may review a copy of the registration statement at the SEC's public reference room in Washington, D.C., as well as through the SEC's website. Please be aware that statements in this prospectus referring to a contract or other document are summaries and you should refer to the exhibits that are part of the registration statement for a copy of the contract or document.

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

The SEC allows us to "incorporate by reference" into this prospectus the information that we file with it, which means that we can disclose important information to you by referring you to those documents. The incorporated documents contain significant information about us, our business and our finances. Any information contained in this prospectus or in any document incorporated or deemed to be incorporated by reference in this prospectus will be deemed to have been modified or superseded to the extent that a statement contained in this prospectus, in any other document we subsequently file with the SEC that is also incorporated or deemed to be incorporated by reference in this prospectus or in the applicable prospectus supplement, modifies or supersedes the original statement. Any statement so modified or superseded will not be deemed, except as so modified or superseded, to be a part of this prospectus. We incorporate by reference the following documents we filed with the SEC:

· our Annual Report on Form 10-K for the year ended December 31, 2014, filed with the SEC on March 2, 2015;

· the information responsive to Part III of our Annual Report on Form 10-K for the year ended December 31, 2014 contained in our Definitive Proxy Statement on Schedule 14A for the 2014 Annual Meeting of Stockholders filed on April 30, 2014;

· our Current Reports on Form 8-K filed with the SEC on March 2, 2015 (to the extent filed and not furnished) and March 9, 2015;

· the description of our common stock included in our Registration Statement on Form 8-A filed with the SEC on February 7, 2011; and

· all documents filed (and not furnished) by us with the SEC pursuant to Section 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, after the date of this prospectus and prior to the termination of the offering of the underlying securities.

We will provide without charge to each person, including any beneficial owner, to whom a prospectus is delivered, on written or oral request of that person, a copy of any or all of the documents we are incorporating by reference into this prospectus, other than exhibits to those documents unless those exhibits are specifically incorporated by reference into those documents. A request should be addressed in writing to Summit Hotel Properties, Inc., 12600 Hill Country Boulevard, Suite R-100, Austin, TX 78738, Attention: Investor Relations.

SUMMIT HOTEL PROPERTIES, INC.

We are a self-managed hotel investment company organized to continue and expand the hotel investment business of our predecessor, Summit Hotel Properties, LLC. We focus on acquiring and owning premium-branded select-service hotel properties in the upper midscale and upscale segments of the U.S. lodging industry. As of December 31, 2014, we owned 90 hotels with a total of 11,463 rooms located in 21 states.

We were organized as a Maryland corporation on June 30, 2010. We completed our initial public offering, or IPO, and our formation transactions, including the merger of our predecessor into our operating partnership, on February 14, 2011. We elected to be taxed as a REIT for federal income tax purposes commencing with our taxable year ended December 31, 2011. We own our hotels and conduct substantially all of our business through our operating partnership. We, through a wholly owned subsidiary, are the sole general partner of our operating partnership. As of December 31, 2014, we owned approximately 99% of the issued and outstanding common units of partnership interest of our operating partnership, including the sole general partnership interest held by the general partner, all of the issued and outstanding 9.25% Series A Cumulative Redeemable Preferred Units of our operating partnership, all of the issued and outstanding 7.875% Series B Cumulative Redeemable Preferred Units of our operating partnership and all of the issued and outstanding 7.125% Series C Cumulative Redeemable Preferred Units of our operating partnership.

To qualify as a REIT, we cannot operate or manage our hotels. Instead, other than with respect to one hotel that is owned by a wholly owned subsidiary of Summit TRS, we lease our hotels to our TRS lessees, which are wholly owned indirect subsidiaries of our operating partnership. Our TRS lessees engage third-party hotel management companies to operate and manage our hotels.

Our principal executive offices are located at 12600 Hill Country Boulevard, Suite R-100, Austin, TX 78738, and our telephone number is (512) 538-2300. Our website is www.shpreit.com. The information contained on, or accessible through, our website is not incorporated by reference into and should not be considered a part of this prospectus or any applicable prospectus supplement.

RISK FACTORS

An investment in our common stock involves risks. Before making an investment decision you should carefully consider the risk factors incorporated by reference in this prospectus from our most recent Annual Report on Form 10-K, subsequent Quarterly Reports on Form 10-Q and other documents filed by us with the SEC and incorporated by reference in this prospectus. See “Where You Can Find More Information” and “Incorporation of Certain Information by Reference.” Additional risks not presently known or that are currently deemed immaterial could also materially and

adversely affect our financial condition, results of operations, business and prospects.

USE OF PROCEEDS

We will not receive any proceeds from the issuance of shares of our common stock, if any, to the selling stockholders upon the exchange of common units in our operating partnership that have been tendered for redemption. We will not receive any proceeds from the resale of shares of our common stock from time to time by the selling stockholders. The selling stockholders will pay all underwriting discounts, commissions and transfer taxes, if any, attributable to the sale of the shares of our common stock covered by this prospectus.

SELLING STOCKHOLDERS

The “selling stockholders” are the people or entities who may sell shares of our common stock registered pursuant to this registration statement of which this prospectus is a part. Such selling stockholders may receive shares of our common stock upon exchange of their common units that have been tendered for redemption pursuant to their contractual rights. Our operating partnership issued an aggregate of 412,174 common units to the selling stockholders as partial consideration for our acquisition of the Hampton Inn Santa Barbara (Goleta) in January 2014. The common units were issued in a private placement pursuant to Rule 506 of Regulation D under the Securities Act. The shares of common stock underlying the common units will be issued, if any are issued and not redeemed for cash, without registration under the Securities Act in a private placement pursuant to Section 4(a)(2) of the Securities Act or pursuant to Rule 506 of Regulation D under the Securities Act.

The following table provides the names of the selling stockholders, the number of shares of our common stock currently held by such selling stockholders prior to any exchange by them of common units, the maximum number of shares of our common stock currently issuable to such selling stockholders in such exchange and the aggregate number of shares of our common stock that will be owned by such selling stockholders after the exchange. Since the selling stockholders may sell all, some or none of their shares, we cannot estimate the aggregate number of shares that the selling stockholders will offer pursuant to this prospectus or that the selling stockholders will own upon completion of the offering to which this prospectus relates. The following table does not take into effect any restrictions on ownership or transfer as described in “Description of Capital Stock – Restrictions on Ownership and Transfer.”

During the past three years, none of the selling stockholders has had any position, office or other material relationship with us or any of our predecessors or affiliates.

The selling stockholders named below and their permitted transferees, pledgees, orderes or other successors may from time to time offer the shares of our common stock offered by this prospectus:

Name of Selling Stockholder	Shares Beneficially Owned Prior to the Exchange	Units Beneficially Owned Prior to the Exchange	Maximum Number of Shares Issuable in the Exchange	Shares Beneficially Owned Following the Exchange ⁽¹⁾	Maximum Number of Shares to be Resold	Shares Beneficially Owned After Resale ⁽²⁾	%
Duncan L. Osborne	-	55,203	55,203	55,203	*	55,203	-
Judith L. Osborne	-	2,399	2,399	2,399	*	2,399	-
Giorgi Exclusion Trust	-	56,071	56,071	56,071	*	56,071	-
William M. and Alice Campbell	-	27,202	27,202	27,202	*	27,202	-
The Jay Douglas Jaegar Irrevocable Life Insurance Trust	-	20,126	20,126	20,126	*	20,126	-
John Keating and Teri Keating Trust	-	18,504	18,504	18,504	*	18,504	-
Steven Hughes	-	232,669	232,669	232,669	*	232,669	-

* Denotes beneficial ownership of less than 1%.

Assumes that we exchange all of the common units beneficially owned by the selling stockholders for shares of our common stock. The percentage ownership is determined for each selling stockholder by taking into account the (1) issuance and sale of shares of our common stock of only such selling stockholder and also assumes that no transactions with respect to our common stock or common units occur other than the exchange. Based on a total of 86,088,265 shares of our common stock outstanding as of February 20, 2015.

(2) Assumes that the selling stockholders sell all of their shares of our common stock offered pursuant to this prospectus. The percentage ownership is determined for each selling stockholder by taking into account the issuance and sale of shares of our common stock of only such selling stockholder. Based on a total of 86,088,265 shares of our common stock outstanding as of February 20, 2015.

DESCRIPTION OF CAPITAL STOCK

The following summary of our capital stock is qualified in its entirety by reference to Maryland law our charter and bylaws, copies of which are filed as exhibits to the registration statement of which this prospectus is a part. See “Where You Can Find More Information.”

General

Our charter provides that we may issue up to 500,000,000 shares of common stock, \$0.01 par value per share, and 100,000,000 shares of preferred stock, \$0.01 par value per share, of which 2,000,000 shares have been classified as 9.25% Series A Cumulative Redeemable Preferred Stock, or Series A Preferred Stock, 3,000,000 shares have been classified as 7.875% Series B Cumulative Redeemable Preferred Stock, or Series B Preferred Stock, and 3,400,000 shares have been classified as 7.125% Series C Cumulative Redeemable Preferred Stock, or Series C Preferred Stock. Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors and without any action on the part of our stockholders, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series. Under Maryland law, stockholders generally are not liable for a corporation’s debts or obligations.

As of February 20, 2015, there were 86,088,265 shares of our common stock issued and outstanding, 2,000,000 shares of our Series A Preferred Stock issued and outstanding, 3,000,000 shares of our Series B Preferred Stock issued and outstanding, and 3,400,000 shares of our Series C Preferred Stock issued and outstanding.

Common Stock

Any shares of our common stock issuable pursuant to this prospectus will be duly authorized, validly issued, fully paid and non-assessable shares. Subject to the preferential rights of any other class or series of our stock, including our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock, and to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, holders of shares of our common stock are entitled to receive dividends on such stock when, as and if authorized by our board of directors out of assets legally available therefor and declared by us and to share ratably in the assets of our company legally available for distribution to our stockholders in the event of our liquidation, dissolution or winding up after payment of or adequate provision for all known debts and liabilities of our company.

Holders of shares of our common stock have no redemption, sinking fund, conversion, preemptive or appraisal rights with respect to our common stock. Subject to the provisions of our charter regarding the restrictions on ownership and transfer of stock, shares of our common stock have equal dividend, liquidation and other rights.

Subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock and except as may otherwise be specified in the terms of any class or series of stock, each outstanding share of our common stock entitles the holder to one vote on all matters submitted to a vote of stockholders, including the election of directors and, except as may be provided with respect to any other class or series of stock, the holders of such shares possess the exclusive voting power. There is no cumulative voting in the election of our directors, and directors are elected by a plurality of the votes cast in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the outstanding shares of our common stock can elect all of the directors then standing for election, and the holders of the remaining shares will not be able to elect any directors. Our board of directors has adopted a policy where at any meeting of stockholders at which members of the board of directors are to be elected by the stockholders in an uncontested election, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” election will submit to the board of directors a written offer to resign from the board of directors no later than two weeks after the certification of the voting results.

Our charter authorizes our board of directors to reclassify any unissued shares of our common stock into other classes or series of stock, to establish the designation and number of shares of each class or series and to set, subject to the provisions of our charter relating to the restrictions on ownership and transfer of our stock, the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications and terms and conditions of redemption of each such class or series.

Our common stock is traded on the NYSE under the symbol “INN.” The transfer agent and registrar for our common stock is Wells Fargo Bank, National Association.

Preferred Stock

In addition to any other class or series of preferred stock that we may offer, issue or in the future, we have previously issued shares of Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock. We may reopen these series and issue additional shares of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock. Our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock rank senior to our common stock with respect to distribution rights and rights upon the voluntary or involuntary liquidation, dissolution or winding up of our company. In addition to other preferential rights, each holder of our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock is entitled to receive a liquidation preference, which is equal to \$25.00 per share of Series A Preferred Stock, Series B Preferred Stock or Series C Preferred Stock, as applicable, plus any accrued and unpaid distributions thereon, before the holders of our common stock receive any distributions in the event of any voluntary or involuntary liquidation, dissolution or winding-up of our company. Furthermore, we are generally restricted from declaring or paying any distributions, or setting aside any funds for the payment of distributions, on our common stock or, subject to certain exceptions, redeeming or otherwise acquiring shares of our common stock unless full cumulative distributions on our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock have been declared and either paid or set aside for payment in full for all past distribution periods.

Our Series A Preferred Stock is traded on the NYSE under the symbol “INNPrA,” our Series B Preferred Stock is traded on the NYSE under the symbol “INNPrB” and our Series C Preferred Stock is traded on the NYSE under the symbol “INNPrC.” The transfer agent and registrar for our Series A Preferred Stock, Series B Preferred Stock and Series C Preferred Stock is Wells Fargo Bank, National Association.

Power to Reclassify and Issue Stock

Our charter authorizes our board of directors to classify any unissued shares of preferred stock, and reclassify any unissued shares of common stock or any previously classified but unissued shares of preferred stock into other classes

or series of stock, including one or more classes or series of stock that have priority over our common stock with respect to voting rights or distributions or upon liquidation, and authorize us to issue the newly classified shares. Prior to the issuance of shares of each class or series of our stock, our board of directors is required by the Maryland General Corporation Law, or the MGCL, and our charter to set, subject to the provisions of our charter regarding the restrictions on ownership and transfer of our stock, the preferences, conversion or other rights, voting powers, restrictions, limitations as to dividends or other distributions, qualifications or terms or conditions of redemption for each such class or series of our stock. These actions can be taken without stockholder approval, unless stockholder approval is required by applicable law, the terms of any other class or series of our stock or the rules of the NYSE or any other stock exchange or automated quotation system on which our stock may be then listed or quoted.

Power to Increase or Decrease Authorized Stock and Issue Additional Shares of Our Common and Preferred Stock

Our charter authorizes our board of directors, with the approval of a majority of the entire board of directors, to amend our charter to increase or decrease the aggregate number of authorized shares of stock or the number of authorized shares of stock of any class or series without stockholder approval. We believe that the power of our board of directors to increase or decrease the number of authorized shares of stock and to classify or reclassify unissued shares of our common stock or preferred stock and thereafter to cause us to issue such shares of stock will provide us with increased flexibility in structuring possible future financings and acquisitions and in meeting other needs which might arise. The additional classes or series, as well as the additional shares of stock, will be available for issuance without further action by our stockholders, unless such action is required by applicable law, the terms of any other class or series of stock or the rules of any stock exchange or automated quotation system on which our securities may be listed or traded. Our board of directors could authorize us to issue a class or series that could, depending upon the terms of the particular class or series, delay, defer or prevent a transaction or a change in control of our company that might involve a premium price for our stockholders or otherwise be in their best interests.

Restrictions on Ownership and Transfer

In order to qualify as a REIT under the Code, our shares of stock must be beneficially owned by 100 or more persons during at least 335 days of a taxable year of 12 months (other than the first year for which an election to be a REIT has been made) or during a proportionate part of a shorter taxable year. Also, not more than 50% of the value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Code to include certain entities) during the last half of a taxable year (other than the first year for which an election to be a REIT has been made).

Because our board of directors believes it is at present essential for us to qualify as a REIT, our charter, subject to certain exceptions, contains restrictions on the number of our shares of stock that a person may own. Our charter provides that, subject to certain exceptions, no person may beneficially or constructively own more than 9.8% in value or in number of shares, whichever is more restrictive, of the outstanding shares of any class or series of our capital stock, or the stock ownership limit.

Our charter also prohibits any person from:

subject to certain exceptions, beneficially owning shares of our capital stock to the extent that such beneficial ownership would result in our being “closely held” within the meaning of Section 856(h) of the Code (without regard to whether the ownership interest is held during the last half of the taxable year);

subject to certain exceptions, transferring shares of our capital stock to the extent that such transfer would result in our shares of capital stock being beneficially owned by fewer than 100 persons (determined under the principles of Section 856(a)(5) of the Code);

subject to certain exceptions, beneficially or constructively owning shares of our capital stock to the extent such beneficial or constructive ownership would cause us to constructively own ten percent or more of the ownership interests in a tenant (other than a TRS) of our real property within the meaning of Section 856(d)(2)(B) of the Code;
or

beneficially or constructively owning or transferring shares of our capital stock if such beneficial or constructive ownership or transfer would otherwise cause us to fail to qualify as a REIT under the Code, including, but not limited to, as a result of any hotel management companies failing to qualify as an “eligible independent contractor” under the REIT rules.

Our board of directors, in its sole discretion, may prospectively or retroactively exempt a person from certain of the limits described in the paragraph above and may establish or increase an excepted holder percentage limit for that person. The person seeking an exemption or to have established or increased an exempted holder limit must provide to our board of directors any representations, covenants and undertakings that our board of directors may deem appropriate in order to conclude that granting the exemption will not cause us to lose our status as a REIT. Our board of directors may not grant an exemption to any person or establish or increase an excepted holder limit if taking such action would result in our failing to qualify as a REIT. Our board of directors may require a ruling from the IRS or an opinion of counsel, in either case in form and substance satisfactory to our board of directors, in its sole discretion, in order to determine or ensure our status as a REIT.

In connection with exempting a person from certain of the limits described above or establishing or increasing an exempted holder percentage limit or at any other time, our board of directors may from time to time increase or decrease the stock ownership limit for all other persons, unless, after giving effect to such increase, five or fewer individuals could beneficially own, in the aggregate, more than 49.9% in value of our outstanding stock. A reduced ownership limit will not apply to any person whose percentage ownership of our stock is, at the effective time of such reduction, in excess of such decreased ownership limit until such time as such person's percentage ownership of our stock equals or falls below the decreased ownership limit, but any further acquisition of shares of our stock will violate the decreased ownership limit.

Any attempted transfer of shares of our capital stock which, if effective, would violate any of the restrictions described above will result in the number of shares of our capital stock causing the violation (rounded up to the nearest whole share) to be automatically transferred to a trust for the exclusive benefit of one or more charitable beneficiaries, except that any transfer that results in the violation of the restriction relating to shares of our capital stock being beneficially owned by fewer than 100 persons will be void ab initio. In either case, the proposed transferee will not acquire any rights in those shares. The automatic transfer will be deemed to be effective as of the close of business on the business day prior to the date of the purported transfer or other event that results in the transfer to the trust. Shares held in the trust will be issued and outstanding shares. The proposed transferee will not benefit economically from ownership of any shares held in the trust, will have no rights to dividends or other distributions and will have no rights to vote or other rights attributable to the shares held in the trust. The trustee of the trust will have all voting rights and rights to dividends or other distributions with respect to shares held in the trust. These rights will be exercised for the exclusive benefit of the charitable beneficiary. Any dividend or other distribution paid prior to our discovery that shares have been transferred to the trust will be paid by the recipient to the trustee upon demand. Any dividend or other distribution authorized but unpaid will be paid when due to the trustee. Any dividend or other distribution paid to the trustee will be held in trust for the charitable beneficiary. Subject to Maryland law, the trustee will have the authority (i) to rescind as void any vote cast by the proposed transferee prior to our discovery that the shares have been transferred to the trust and (ii) to recast the vote in accordance with the desires of the trustee acting for the benefit of the charitable beneficiary. However, if we have already taken irreversible corporate action, then the trustee will not have the authority to rescind and recast the vote.

Within 20 days of receiving notice from us that shares of our stock have been transferred to the trust, the trustee will sell the shares to a person, designated by the trustee, whose ownership of the shares will not violate the above ownership and transfer limitations. Upon the sale, the interest of the charitable beneficiary in the shares sold will

terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and to the charitable beneficiary as follows. The proposed transferee will receive the lesser of (i) the price paid by the proposed transferee for the shares or, if the proposed transferee did not give value for the shares in connection with the event causing the shares to be held in the trust (e.g., a gift, devise or other similar transaction), the market price (as defined in our charter) of the shares on the day of the event causing the shares to be held in the trust and (ii) the price per share received by the trustee (net of any commission and other expenses of sale) from the sale or other disposition of the shares. The trustee may reduce the amount payable to the proposed transferee by the amount of dividends or other distributions paid to the proposed transferee and owed by the proposed transferee to the trustee. Any net sale proceeds in excess of the amount payable to the proposed transferee will be paid immediately to the charitable beneficiary. If, prior to our discovery that our shares of our stock have been transferred to the trust, the shares are sold by the proposed transferee, then (i) the shares shall be deemed to have been sold on behalf of the trust and (ii) to the extent that the proposed transferee received an amount for the shares that exceeds the amount he or she was entitled to receive, the excess shall be paid to the trustee upon demand.

Shares of our stock held in the trust will be deemed to have been offered for sale to us, or our designee, at a price per share equal to the lesser of (i) the price per share in the transaction that resulted in the transfer to the trust (or, in the case of a devise or gift, the market price at the time of the devise or gift) and (ii) the market price on the date we, or our designee, accept the offer, which we may reduce by the amount of dividends and distributions paid to the proposed transferee and owed by the proposed transferee to the trustee. We will have the right to accept the offer until the trustee has sold the shares. Upon a sale to us, the interest of the charitable beneficiary in the shares sold will terminate and the trustee will distribute the net proceeds of the sale to the proposed transferee and any dividends or other distributions held by the trustee will be paid to the charitable beneficiary.

If a transfer to a charitable trust, as described above, would be ineffective for any reason to prevent a violation of a restriction, the transfer that would have resulted in a violation will be void ab initio, and the proposed transferee shall acquire no rights in those shares.

Any certificate representing shares of our capital stock, and any notices delivered in lieu of certificates with respect to the issuance or transfer of uncertificated shares, will bear a legend referring to the restrictions described above.

Any person who acquires or attempts or intends to acquire beneficial or constructive ownership of shares of our capital stock that will or may violate any of the foregoing restrictions on transferability and ownership, or any person who would have owned shares of our capital stock that resulted in a transfer of shares to a charitable trust, is required to give written notice immediately to us, or in the case of a proposed or attempted transaction, to give at least 15 days' prior written notice, and provide us with such other information as we may request in order to determine the effect of the transfer on our status as a REIT.

The foregoing restrictions on transferability and ownership will not apply if our board of directors determines that it is no longer in our best interests to attempt to qualify, or to continue to qualify, as a REIT.

Every owner of more than 5% (or any lower percentage as required by the Code or the regulations promulgated thereunder) in number or value of the outstanding shares of our capital stock, within 30 days after the end of each taxable year, is required to give us written notice, stating his or her name and address, the number of shares of each class and series of shares of our capital stock that he or she beneficially owns and a description of the manner in which the shares are held. Each of these owners must provide us with additional information that we may request in order to determine the effect, if any, of his or her beneficial ownership on our status as a REIT and to ensure compliance with the ownership limits. In addition, each stockholder will upon demand be required to provide us with information that we may request in good faith in order to determine our status as a REIT and to comply with the requirements of any taxing authority or governmental authority or to determine our compliance with the stock ownership limit.

These ownership limitations could delay, defer or prevent a transaction or a change in control that might involve a premium price for our shares of common stock or otherwise be in the best interest of our stockholders.

CERTAIN PROVISIONS OF MARYLAND LAW AND OF OUR CHARTER AND BYLAWS

The following summary of certain provisions of Maryland law and of our charter and bylaws is qualified in its entirety by reference to Maryland law and our charter and bylaws, copies of which are filed as exhibits to the registration

statement of which this prospectus is a part. See “Where You Can Find More Information.”

Our Board of Directors

Our charter and bylaws provide that the number of directors of our company may be increased or decreased by a majority of our board of directors, but may not be less than the minimum number required under the MGCL, which is one, or, unless our bylaws are amended, more than fifteen. We have elected by a provision of our charter to be subject to a provision of Maryland law requiring that, subject to the rights of holders of one or more classes or series of preferred stock, any vacancy may be filled only by a majority of the remaining directors, even if the remaining directors do not constitute a quorum, and any director elected to fill a vacancy will serve for the full term of the directorship in which such vacancy occurred and until a successor is elected and qualifies.

Each member of our board of directors is elected by our stockholders to serve until the next annual meeting of stockholders and until his or her successor is duly elected and qualifies. Holders of shares of our common stock have no right to cumulative voting in the election of directors, and directors are elected by a plurality of the votes cast in the election of directors. Consequently, at each annual meeting of stockholders, the holders of a majority of the shares of our common stock may elect all of our directors. Our board of directors has adopted a policy where at any meeting of stockholders at which members of the board of directors are to be elected by the stockholders in an uncontested election, any nominee for director who receives a greater number of votes “withheld” from his or her election than votes “for” election will submit to the board of directors a written offer to resign from the board of directors no later than two weeks after the certification of the voting results.

Removal of Directors

Our charter provides that, subject to the rights of holders of one or more classes or series of preferred stock to elect or remove one or more directors, a director may be removed only for cause (as defined in our charter) and only by the affirmative vote of holders of shares entitled to cast at least two-thirds of the vot"Times New Roman"
SIZE="3">10,281.2 4,434.8 131.8%

Income before income taxes

1,023.4 372.4 174.8%

Income taxes

382.7 130.3 193.7%

Net income

\$640.7 \$242.1 164.6%

Net income per diluted share

\$1.02 \$0.85 20.0%

Diluted shares (in millions)

627.7 285.5 119.9%

Benefit expense as a percentage of premiums

79.9% 82.7% (280)bp

Selling, general and administrative expense as a percentage of total operating revenue

16.6% 16.5% 10bp

Income before income taxes as a percentage of total revenues

9.1% 7.7% 140bp

WellPoint, Inc.

Consolidated Statements of Income

(Unaudited)

	Nine Months Ended September 30		Change
	2005	2004	
<i>(\$ In Millions, Except Per Share Data)</i>			
Revenues			
Premiums	\$ 30,806.7	\$ 12,576.5	145.0%
Administrative fees	2,022.8	997.4	102.8%
Other revenue	419.6	162.5	158.2%
Total operating revenue	33,249.1	13,736.4	142.1%
Net investment income	453.2	211.8	114.0%
Net realized gains on investments	1.4	40.7	(96.6%)
Total revenues	33,703.7	13,988.9	140.9%
Expenses			
Benefit expense	24,879.6	10,336.1	140.7%
Selling, general and administrative expense			
Selling expense	1,097.7	340.0	222.9%
General and administrative expense	4,312.1	1,997.3	115.9%
Total selling, general and administrative expense	5,409.8	2,337.3	131.5%
Cost of drugs	218.5	58.5	273.5%
Interest expense	168.2	97.4	72.7%
Amortization of other intangible assets	178.7	33.7	430.3%
Total expenses	30,854.8	12,863.0	139.9%
Income before income taxes	2,848.9	1,125.9	153.0%
Income taxes	1,037.1	350.3	196.1%
Net income	\$ 1,811.8	\$ 775.6	133.6%
Net income per diluted share	\$ 2.90	\$ 2.72	6.6%
Diluted shares (in millions)	624.7	285.5	118.8%
Benefit expense as a percentage of premiums	80.8%	82.2%	(140)bp
Selling, general and administrative expense as a percentage of total operating revenue	16.3%	17.0%	(70)bp
Income before income taxes as a percentage of total revenues	8.5%	8.0%	50bp

WellPoint, Inc.

Consolidated Balance Sheets

<i>(\$ In Millions)</i>	September 30, 2005	December 31, 2004
	(Unaudited)	
Assets		
Current assets:		
Investments available-for-sale, at fair value		
Fixed maturity securities	\$ 13,012.7	\$ 12,413.7
Equity securities	1,566.7	1,173.2
Cash and cash equivalents	2,163.3	1,457.2
Premiums and self-funded receivables	1,757.0	1,574.6
Other receivables	945.9	876.4
Securities lending collateral	1,000.9	658.5
Deferred tax assets, net	342.6	434.0
Other current assets	783.3	769.9
Total current assets	21,572.4	19,357.5
Long-term investments	693.4	748.1
Property and equipment	966.8	1,045.2
Goodwill	10,149.4	10,017.9
Other intangible assets	8,041.5	8,211.6
Other noncurrent assets	432.1	358.1
Total assets	\$ 41,855.6	\$ 39,738.4
Liabilities and shareholders equity		
Liabilities		
Current liabilities:		
Policy liabilities:		
Medical claims payable	\$ 4,182.3	\$ 4,202.0
Reserves for future policy benefits	133.7	145.0
Other policyholder liabilities	1,245.3	1,209.5
Total policy liabilities	5,561.3	5,556.5
Unearned income	1,173.0	1,046.6
Accounts payable and accrued expenses	2,250.8	2,222.1
Income taxes payable	653.5	418.8
Security trades pending payable	83.5	84.4
Securities lending payable	1,000.9	658.5
Current portion of long-term debt	459.6	150.3
Other current liabilities	1,099.3	1,433.4
Total current liabilities	12,281.9	11,570.6
Long-term debt	3,918.1	4,276.7
Reserves for future policy benefits, noncurrent	739.7	727.2
Deferred income taxes	2,620.2	2,596.4
Other noncurrent liabilities	1,061.0	1,108.5
Total liabilities	20,620.9	20,279.4
Shareholders equity		

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Common stock	6.1	3.0
Additional paid-in capital	17,751.9	17,433.6
Retained earnings	3,521.5	1,960.1
Unearned stock compensation	(97.6)	(83.5)
Accumulated other comprehensive income	52.8	145.8
	<u> </u>	<u> </u>
Total shareholders equity	21,234.7	19,459.0
	<u> </u>	<u> </u>
Total liabilities and shareholders equity	\$ 41,855.6	\$ 39,738.4
	<u> </u>	<u> </u>

WellPoint, Inc.

Consolidated Statements of Cash Flows

(Unaudited)

(\$ In Millions)	Nine Months Ended September 30	
	2005	2004
Operating activities		
Net income	\$ 1,811.8	\$ 775.6
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on investments	(1.4)	(40.7)
Loss (gain) on disposal of assets	2.1	(0.4)
Deferred income taxes	(59.1)	(7.0)
Amortization, net of accretion	306.0	85.7
Depreciation	171.3	95.3
Changes in operating assets and liabilities, net of effect of business combinations:		
Receivables, net	(221.2)	(83.9)
Other assets	(102.7)	(22.6)
Policy liabilities	7.1	26.6
Unearned income	122.7	(15.6)
Accounts payable and accrued expenses	67.6	(62.1)
Other liabilities	(226.4)	(60.2)
Income taxes	415.1	(0.3)
Net cash provided by operating activities	2,292.9	690.4
Investing activities		
Purchases of investments	(13,674.0)	(4,877.8)
Sales or maturities of investments	12,509.4	4,516.7
Purchases of subsidiaries, net of cash acquired	(330.2)	
Proceeds from settlement of cash flow hedge		20.3
Purchases of property and equipment	(118.8)	(85.6)
Proceeds from sale of property and equipment	8.0	1.5
Net cash used in investing activities	(1,605.6)	(424.9)
Financing activities		
Net proceeds from commercial paper borrowings	127.9	
Proceeds from long term borrowings and exchange of remarketed subordinated debentures included in Equity Security Units		5.7
Repayment of long-term borrowings	(150.0)	
Repurchase and retirement of common stock	(333.4)	(82.2)
Proceeds from sale of put options	1.1	
Proceeds from exercise of employee stock options and employee stock purchase plan	373.2	57.1
Net cash provided by (used in) financing activities	18.8	(19.4)
Change in cash and cash equivalents	706.1	246.1
Cash and cash equivalents at beginning of period	1,457.2	464.5
Cash and cash equivalents at end of period	\$ 2,163.3	\$ 710.6

WellPoint, Inc.

Reconciliation of Medical Claims Payable

(\$ In Millions)	Nine Months Ended September 30		Year Ended December 31		
	2005	2004	2004	2003	2002
	(Unaudited)				
Gross medical claims payable, beginning of period	\$ 4,202.0	\$ 1,841.7	\$ 1,841.7	\$ 1,800.0	\$ 1,323.1
Ceded medical claims payable, beginning of period	(31.9)	(8.7)	(8.7)	(2.8)	(4.5)
Net medical claims payable, beginning of period	4,170.1	1,833.0	1,833.0	1,797.2	1,318.6
Business combinations and purchase adjustments		(14.0)	2,394.4	(20.6)	379.4
Net incurred medical claims:					
Current year ¹	25,172.4	10,444.4	15,452.6	12,374.2	9,887.9
Prior years (redundancies) ^{1,2}	(609.9)	(171.8)	(172.4)	(226.2)	(147.0)
Total net incurred medical claims	24,562.5	10,272.6	15,280.2	12,148.0	9,740.9
Net payments attributable to:					
Current year medical claims ¹	21,290.3	8,725.0	12,556.3	10,598.3	8,316.6
Prior years medical claims ¹	3,291.1	1,509.3	2,781.2	1,493.3	1,325.1
Total net payments	24,581.4	10,234.3	15,337.5	12,091.6	9,641.7
Net medical claims payable, end of period	4,151.2	1,857.3	4,170.1	1,833.0	1,797.2
Ceded medical claims, end of period	31.1	11.0	31.9	8.7	2.8
Gross medical claims payable, end of period	\$ 4,182.3	\$ 1,868.3	\$ 4,202.0	\$ 1,841.7	\$ 1,800.0
Current year medical claims paid as a percent of current year net incurred medical claims	84.6%	83.5%	81.3% ³	85.6%	84.1%
Prior year redundancies in the current period as a percent of prior year net incurred medical claims	3.9% ⁴	1.4%	1.4%	2.3% ⁵	1.9%

¹ For the nine months ended September 30, 2005, net incurred medical claims and payments for the former WellPoint Health Networks Inc. are included for the entire period. Net incurred medical claims and payments for the former WellPoint Health Networks Inc. are not included for the nine months ended September 30, 2004.

For the year ended December 31, 2004, incurred and paid claims for the former WellPoint Health Networks Inc. are only included for the month of December. Approximately 75% of the claims paid by the former WellPoint Health Networks Inc. during that month were incurred prior to December 1, 2004, and are classified within the Net payments attributable to prior years medical claims line item for the year ended December 31, 2004.

² Negative amounts reported for net incurred medical claims related to prior years result from claims being settled for amounts less than originally estimated.

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This ratio is impacted by having only one month of net incurred medical claims and payments for the former WellPoint Health Networks Inc. in 2004. If the former WellPoint Health Networks Inc. had not been included in 2004, the ratio would have been approximately 87.3% for 2004 (refer to the table entitled, Reconciliation of Medical Claims Payable - Supplemental Footnote Statistics).

- ⁴ This ratio is impacted by having only one month of net incurred medical claims for the former WellPoint Health Networks Inc. in 2004. If the former WellPoint Health Networks Inc. had been included for the full year 2004, the ratio would have been approximately 1.9% for the nine months ended September 30, 2005 (refer to the table entitled, Reconciliation of Medical Claims Payable - Supplemental Footnote Statistics).
- ⁵ This ratio is impacted by having only five months of net incurred medical claims related to the former Trigon Healthcare, Inc. in 2002. If the former Trigon Healthcare, Inc. had been included for the full year 2002, the ratio would have been approximately 2.0% for 2003 (refer to the table entitled, Reconciliation of Medical Claims Payable - Supplemental Footnote Statistics).

WellPoint, Inc.

Medical Membership & Specialty Metrics Summary - Comparable Basis

(Unaudited and in Thousands)

Medical Membership

	Comparable Basis ⁽¹⁾			Change from	
	September 30, 2005 ⁽²⁾	September 30, 2004	December 31, 2004	September 30, 2004	December 31, 2004
Customer Type					
Large Group	13,268	12,862	13,073	3.2%	1.5%
Individual and Small Group (ISG)	5,294	5,111	5,199	3.6%	1.8%
National Accounts	3,505	3,255	3,212	7.7%	9.1%
BlueCard	4,023	3,462	3,463	16.2%	16.2%
	<u> </u>	<u> </u>	<u> </u>		
Total National	7,528	6,717	6,675	12.1%	12.8%
Senior	1,073	1,054	1,059	1.8%	1.3%
State Sponsored	1,825	1,701	1,722	7.3%	6.0%
	<u> </u>	<u> </u>	<u> </u>		
Total	28,988	27,445	27,728	5.6%	4.5%
	<u> </u>	<u> </u>	<u> </u>		
Funding Arrangement					
Self-Funded	14,382	12,924	13,039	11.3%	10.3%
Fully-Insured	14,606	14,521	14,689	0.6%	(0.6%)
	<u> </u>	<u> </u>	<u> </u>		
Total	28,988	27,445	27,728	5.6%	4.5%
	<u> </u>	<u> </u>	<u> </u>		
Regional Membership					
Central	11,102	10,505	10,565	5.7%	5.1%
West	9,146	8,494	8,655	7.7%	5.7%
Southeast	6,139	5,905	5,962	4.0%	3.0%
Northeast	2,601	2,541	2,546	2.4%	2.2%
	<u> </u>	<u> </u>	<u> </u>		
Total	28,988	27,445	27,728	5.6%	4.5%
	<u> </u>	<u> </u>	<u> </u>		
Specialty Metrics					
PBM Prescription Volume ⁽³⁾	84,711	82,233	88,620	3.0%	(4.4%)
Behavioral Health Membership	13,804	11,532 ⁽⁴⁾	11,753 ⁽⁴⁾	NM ⁽⁴⁾	NM ⁽⁴⁾
Life and Disability Membership	5,743	5,281 ⁽⁴⁾	5,306 ⁽⁴⁾	NM ⁽⁴⁾	NM ⁽⁴⁾
Dental Membership	5,107	5,006 ⁽⁴⁾	5,048 ⁽⁴⁾	NM ⁽⁴⁾	NM ⁽⁴⁾
Vision Membership	785	751	773	4.5%	1.6%

⁽¹⁾ Comparable Basis data for 2004 was calculated by adding historical data for the former WellPoint Health Networks Inc. to historical data for the former Anthem, Inc., and adjusting the combined totals to ensure a consistent approach for calculating medical membership and

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volume statistics and to eliminate overlapping BlueCard host membership.

- (2) Includes self-funded members from the Lumenos acquisition that closed in the second quarter 2005.
- (3) Represents quarterly PBM prescription volume.
- (4) Prior period membership information and the changes to such information are not meaningful due to different counting methodologies for these members used by the former Anthem, Inc. and the former WellPoint Health Networks Inc.

WellPoint, Inc.

Selected Financial Data - Comparable Basis Analysis

(Unaudited)

(\$ In Millions)	Three Months Ended September 30			Comparable Basis ⁽¹⁾ Three Months Ended September 30		
	2005	2004	% Change	2004	\$ Change	% Change
Revenues						
Premiums	\$ 10,315.0	\$ 4,336.9	137.8%	\$ 9,797.7	\$ 517.3	5.3%
Administrative fees	690.8	339.1	103.7%	628.9	61.9	9.8%
Other revenue	144.5	57.1	153.1%	131.1	13.4	10.2%
Total operating revenue	11,150.3	4,733.1	135.6%	10,557.7	592.6	5.6%
Expenses						
Benefit expense	8,243.9	3,587.4	129.8%	7,990.6	253.3	3.2%
Selling, general and administrative expense						
Selling expense	370.6	116.9	217.0%	344.8	25.8	7.5%
General and administrative expense	1,477.2	665.7	121.9%	1,338.5	138.7	10.4%
Total selling, general and administrative expense	1,847.8	782.6	136.1%	1,683.3	164.5	9.8%
Cost of drugs	73.8	20.6	258.3%	68.7	5.1	7.4%
Benefit expense as a percentage of premiums	79.9%	82.7%	(280)bp	81.6%		(170)bp
Selling, general and administrative expense as a percentage of total operating revenue	16.6%	16.5%	10bp	15.9%		70bp

(\$ In Millions)	Nine Months Ended September 30			Comparable Basis ⁽¹⁾ Nine Months Ended September 30		
	2005	2004	% Change	2004	\$ Change	% Change
Revenues						
Premiums	\$ 30,806.7	\$ 12,576.5	145.0%	\$ 28,694.5	\$ 2,112.2	7.4%
Administrative fees	2,022.8	997.4	102.8%	1,862.6	160.2	8.6%
Other revenue	419.6	162.5	158.2%	379.2	40.4	10.7%
Total operating revenue	33,249.1	13,736.4	142.1%	30,936.3	2,312.8	7.5%
Expenses						
Benefit expense	24,879.6	10,336.1	140.7%	23,268.4	1,611.2	6.9%
Selling, general and administrative expense						
Selling expense	1,097.7	340.0	222.9%	1,008.4	89.3	8.9%
General and administrative expense	4,312.1	1,997.3	115.9%	4,093.5	218.6	5.3%
Total selling, general and administrative expense	5,409.8	2,337.3	131.5%	5,101.9	307.9	6.0%
Cost of drugs	218.5	58.5	273.5%	200.7	17.8	8.9%
Benefit expense as a percentage of premiums	80.8%	82.2%	(140)bp	81.1%		(30)bp

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Selling, general and administrative expense as a percentage of total operating revenue	16.3%	17.0%	(70)bp	16.5%	(20)bp
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- (1) The Comparable Basis information is a non-GAAP measure. Refer to the tables entitled, Reclassified Consolidated Statements of Income - Comparable Basis Reconciliation, for a description of the calculations of this information, including reconciliations to the historical GAAP information of the former Anthem, Inc. and the former WellPoint Health Networks Inc.

WellPoint, Inc.

Reportable Segment Highlights - Comparable Basis Analysis

(Unaudited)

(\$ In Millions)	Three Months Ended September 30			Comparable Basis ⁽¹⁾ Three Months Ended September 30		
	2005	2004	% Change	2004	\$ Change	% Change
Operating Revenue ⁽²⁾						
Health Care Segment	\$ 10,674.5	\$ 4,582.6	132.9%	\$ 10,068.9	\$ 605.6	6.0%
Specialty Segment	723.1	279.1	159.1%	667.5	55.6	8.3%
Other Segment	(247.3)	(128.6)	92.3%	(178.7)	(68.6)	38.4%
Total Operating Revenue	11,150.3	4,733.1	135.6%	10,557.7	592.6	5.6%
Operating Gain (Loss) ⁽²⁾						
Health Care Segment	\$ 916.6	\$ 344.6	166.0%	\$ 759.4	\$ 157.2	20.7%
Specialty Segment	89.2	19.5	357.4%	85.6	3.6	4.2%
Other Segment	(21.0)	(21.6)	(2.8%)	(29.9)	8.9	(29.8%)
Operating Margin ⁽³⁾						
Health Care Segment	8.6%	7.5%	110bp	7.5%		110bp
Specialty Segment	12.3%	7.0%	530bp	12.8%		(50)bp
(\$ In Millions)	Nine Months Ended September 30			Comparable Basis ⁽¹⁾ Nine Months Ended September 30		
	2005	2004	% Change	2004	\$ Change	% Change
Operating Revenue ⁽²⁾						
Health Care Segment	\$ 31,814.7	\$ 13,296.1	139.3%	\$ 29,504.2	\$ 2,310.5	7.8%
Specialty Segment	2,114.4	809.1	161.3%	1,943.5	170.9	8.8%
Other Segment	(680.0)	(368.8)	84.4%	(511.4)	(168.6)	33.0%
Total Operating Revenue	33,249.1	13,736.4	142.1%	30,936.3	2,312.8	7.5%
Operating Gain (Loss) ⁽²⁾						
Health Care Segment	\$ 2,562.8	\$ 999.3	156.5%	\$ 2,218.6	\$ 344.2	15.5%
Specialty Segment	273.0	54.9	397.3%	235.8	37.2	15.8%
Other Segment	(94.6)	(49.7)	90.3%	(89.1)	(5.5)	6.2%
Operating Margin ⁽³⁾						
Health Care Segment	8.1%	7.5%	60bp	7.5%		60bp
Specialty Segment	12.9%	6.8%	610bp	12.1%		80bp

⁽¹⁾ The Comparable Basis information is a non-GAAP measure. Refer to the tables entitled, Reclassified Reportable Segment Highlights - Comparable Basis Reconciliation, for a description of the calculations of this information, including reconciliations to the historical GAAP information of the former Anthem, Inc. and the former WellPoint Health Networks Inc.

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- (2) Operating revenue and operating gain are the key measures used by management to evaluate performance in each segment. Operating gain is defined as operating revenue less benefit expense, selling expense, general and administrative expense, and cost of drugs. Operating gain is used to analyze profit or loss on a segment basis only and not on a consolidated basis. Consolidated operating gain is a non-GAAP measure.
- (3) Operating margin is calculated as operating gain as a percentage of operating revenue.

WellPoint, Inc.

Reclassified Consolidated Statements of Income - Comparable Basis Reconciliation

(Unaudited)

Three Months Ended September 30, 2004

(\$ In Millions)	ATH ⁽¹⁾		ATH ⁽¹⁾		WHN ⁽¹⁾		WellPoint, Inc. Comparable Basis ⁽³⁾
	As Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassifications ⁽²⁾	Reclassified	
Revenues							
Premiums	\$ 4,335.3	\$ 1.6	\$ 4,336.9	\$ 5,463.2	\$ (2.4)	\$ 5,460.8	\$ 9,797.7
Administrative fees	344.8	(5.7)	339.1	308.2	(18.4)	289.8	628.9
Other revenue	48.8	8.3	57.1		74.0	74.0	131.1
Total operating revenue	4,728.9	4.2	4,733.1	5,771.4	53.2	5,824.6	10,557.7
Net investment income	67.9		67.9	76.7	(8.6)	68.1	136.0
Net realized gains on investments	6.2		6.2		8.3	8.3	14.5
Total revenues	4,803.0	4.2	4,807.2	5,848.1	52.9	5,901.0	10,708.2
Expenses							
Benefit expense	3,583.8	3.6	3,587.4	4,412.7	(9.5)	4,403.2	7,990.6
Selling, general and administrative expense							
Selling expense		116.9	116.9	227.9		227.9	344.8
General and administrative expense	800.9	(135.2)	665.7	655.0	17.8	672.8	1,338.5
Total selling, general and administrative expense	800.9	(18.3)	782.6	882.9	17.8	900.7	1,683.3
Cost of drugs		20.6	20.6		48.1	48.1	68.7
Interest expense	32.9		32.9	12.2		12.2	45.1
Amortization of other intangible assets	11.3		11.3		11.7	11.7	23.0
Other expenses				15.2	(15.2)		
Total expenses	4,428.9	5.9	4,434.8	5,323.0	52.9	5,375.9	9,810.7
Income before income taxes	374.1	(1.7)	372.4	525.1		525.1	897.5
Income taxes	131.0	(0.7)	130.3	210.0		210.0	340.3
Minority interest	1.0	(1.0)					
Net income	\$ 242.1	\$	\$ 242.1	\$ 315.1	\$	\$ 315.1	\$ 557.2
Benefit expense as a percentage of premiums	82.7%		82.7%	80.8%		80.6%	81.6%
Selling, general and administrative expense as a percentage of total operating revenue	16.9%		16.5%	15.3%		15.5%	15.9%

(1) ATH = Anthem, Inc.; WHN = WellPoint Health Networks Inc.

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- (2) To reflect the reclassification of certain historical amounts to a consistent presentation format adopted by the combined organization.
- (3) The Comparable Basis information was calculated by adding the reclassified, historical, consolidated statements of income for the former Anthem, Inc. and the former WellPoint Health Networks Inc. This Comparable Basis information contains no intercompany eliminations or pro forma adjustments resulting from Anthem, Inc.'s November 30, 2004, acquisition of WellPoint Health Networks Inc. Comparable Basis information is presented in order to provide investors with a more meaningful comparison to the current period, due to the acquisition of WellPoint Health Networks Inc. Comparable Basis information is not calculated in accordance with GAAP and is not intended to represent or be indicative of the results that WellPoint, Inc. would have reported, had the acquisition been completed as of January 1, 2004.

WellPoint, Inc.

Reclassified Consolidated Statements of Income - Comparable Basis Reconciliation

(Unaudited)

Nine Months Ended September 30, 2004

(\$ In Millions)	ATH ⁽¹⁾		ATH ⁽¹⁾		WHN ⁽¹⁾		WellPoint, Inc. Comparable Basis ⁽³⁾
	As Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassifications ⁽²⁾	Reclassified	
Revenues							
Premiums	\$ 12,577.5	\$ (1.0)	\$ 12,576.5	\$ 16,127.5	\$ (9.5)	\$ 16,118.0	\$ 28,694.5
Administrative fees	1,011.5	(14.1)	997.4	918.3	(53.1)	865.2	1,862.6
Other revenue	140.1	22.4	162.5		216.7	216.7	379.2
Total operating revenue	13,729.1	7.3	13,736.4	17,045.8	154.1	17,199.9	30,936.3
Net investment income	211.8		211.8	228.8	(24.9)	203.9	415.7
Net realized gains on investments	40.7		40.7		25.0	25.0	65.7
Total revenues	13,981.6	7.3	13,988.9	17,274.6	154.2	17,428.8	31,417.7
Expenses							
Benefit expense	10,343.1	(7.0)	10,336.1	12,964.4	(32.1)	12,932.3	23,268.4
Selling, general and administrative expense							
Selling expense		340.0	340.0	668.4		668.4	1,008.4
General and administrative expense	2,377.5	(380.2)	1,997.3	2,050.8	45.4	2,096.2	4,093.5
Total selling, general and administrative expense	2,377.5	(40.2)	2,337.3	2,719.2	45.4	2,764.6	5,101.9
Cost of drugs		58.5	58.5		142.2	142.2	200.7
Interest expense	97.4		97.4	37.4		37.4	134.8
Amortization of other intangible assets	33.7		33.7		35.3	35.3	69.0
Other expenses				36.6	(36.6)		
Total expenses	12,851.7	11.3	12,863.0	15,757.6	154.2	15,911.8	28,774.8
Income before income taxes	1,129.9	(4.0)	1,125.9	1,517.0		1,517.0	2,642.9
Income taxes	351.7	(1.4)	350.3	606.8		606.8	957.1
Minority interest	2.6	(2.6)					
Net income	\$ 775.6	\$	\$ 775.6	\$ 910.2	\$	\$ 910.2	\$ 1,685.8
Benefit expense as a percentage of premiums	82.2%		82.2%	80.4%		80.2%	81.1%
Selling, general and administrative expense as a percentage of total operating revenue	17.3%		17.0%	16.0%		16.1%	16.5%

(1) ATH = Anthem, Inc.; WHN = WellPoint Health Networks Inc.

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- (2) To reflect the reclassification of certain historical amounts to a consistent presentation format adopted by the combined organization.
- (3) The Comparable Basis information was calculated by adding the reclassified, historical, consolidated statements of income for the former Anthem, Inc. and the former WellPoint Health Networks Inc. This Comparable Basis information contains no intercompany eliminations or pro forma adjustments resulting from Anthem, Inc.'s November 30, 2004, acquisition of WellPoint Health Networks Inc. Comparable Basis information is presented in order to provide investors with a more meaningful comparison to the current period, due to the acquisition of WellPoint Health Networks Inc. Comparable Basis information is not calculated in accordance with GAAP and is not intended to represent or be indicative of the results that WellPoint, Inc. would have reported, had the acquisition been completed as of January 1, 2004.

WellPoint, Inc.

Reclassified Reportable Segment Highlights - Comparable Basis Reconciliation

(Unaudited)

Three Months Ended September 30, 2004

(\$ In Millions)	ATH ⁽¹⁾ As Reported		ATH ⁽¹⁾ Reclassified		WHN ⁽¹⁾ As Reported		WHN ⁽¹⁾ Reclassified		WellPoint, Inc. Comparable Basis ⁽³⁾
	Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassified	
Operating Revenue⁽⁴⁾									
Health Care	\$ 4,587.4	\$ (4.8)	\$ 4,582.6	\$ 5,525.2	\$ (38.9)	\$ 5,486.3	\$ 10,068.9		
Specialty	279.1		279.1	243.5	144.9	388.4	667.5		
Other	(137.6)	9.0	(128.6)	2.7	(52.8)	(50.1)	(178.7)		
Total operating revenue	4,728.9	4.2	4,733.1	5,771.4	53.2	5,824.6	10,557.7		
Operating Gain (Loss)⁽⁴⁾									
Health Care	345.7	(1.1)	344.6	420.0	(5.2)	414.8	759.4		
Specialty	19.5		19.5	63.7	2.4	66.1	85.6		
Other	(21.0)	(0.6)	(21.6)	(7.9)	(0.4)	(8.3)	(29.9)		

Nine Months Ended September 30, 2004

(\$ In Millions)	ATH ⁽¹⁾ As Reported		ATH ⁽¹⁾ Reclassified		WHN ⁽¹⁾ As Reported		WHN ⁽¹⁾ Reclassified		WellPoint, Inc. Comparable Basis ⁽³⁾
	As Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassifications ⁽²⁾	Reclassified	As Reported	Reclassified	
Operating Revenue⁽⁴⁾									
Health Care	\$ 13,313.0	\$ (16.9)	\$ 13,296.1	\$ 16,326.3	\$ (118.2)	\$ 16,208.1	\$ 29,504.2		
Specialty	809.1		809.1	711.4	423.0	1,134.4	1,943.5		
Other	(393.0)	24.2	(368.8)	8.1	(150.7)	(142.6)	(511.4)		
Total operating revenue	13,729.1	7.3	13,736.4	17,045.8	154.1	17,199.9	30,936.3		
Operating Gain (Loss)⁽⁴⁾									
Health Care	1,001.0	(1.7)	999.3	1,229.2	(9.9)	1,219.3	2,218.6		
Specialty	54.9		54.9	174.9	6.0	180.9	235.8		
Other	(47.4)	(2.3)	(49.7)	(41.9)	2.5	(39.4)	(89.1)		

(1) ATH = Anthem, Inc.; WHN = WellPoint Health Networks Inc.

(2) To reflect the reclassification of certain historical amounts to a consistent presentation format adopted by the combined organization.

(3) The Comparable Basis information was calculated by adding the historical reportable segment information for the former Anthem, Inc. and the former WellPoint Health Networks Inc. This Comparable Basis information contains no intercompany eliminations or pro forma adjustments resulting from Anthem, Inc.'s November 30, 2004, acquisition of WellPoint Health Networks Inc. Comparable Basis information is presented in order to provide investors with a more meaningful comparison to the current period, due to the acquisition of WellPoint Health Networks Inc. Comparable Basis information is not calculated in accordance with GAAP and is not intended to represent or be indicative of the results that WellPoint, Inc. would have reported, had the acquisition been completed as of January 1, 2004.

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⁽⁴⁾ Operating revenue and operating gain are the key measures used by management to evaluate performance in each segment. Operating gain is defined as operating revenue less benefit expense, selling expense, general and administrative expense, and cost of drugs. Operating gain is used to analyze profit or loss on a segment basis only and not on a consolidated basis. Consolidated operating gain is a non-GAAP measure.

WellPoint, Inc.**Reconciliation of Medical Claims Payable - Supplemental Footnote Statistics****(Unaudited)**

Note: Below are reconciliations for the supplemental statistics listed in footnotes 3, 4 and 5 to the table entitled, Reconciliation of Medical Claims Payable. These supplemental statistics are not calculated in accordance with GAAP and are not intended to be alternatives to any measure or statistic calculated in accordance with GAAP. Rather, these supplemental statistics are intended to facilitate understanding of the effects that recent acquisitions have had on the reconciliation of medical claims payable.

Footnote 3:

Current year medical claims paid as a percent of current year net incurred medical claims - year ended December 31, 2004.

	Year Ended December 31, 2004		
	As Reported	WHN ⁽¹⁾	Excluding WHN
Net incurred medical claims related to:			
Current year	\$ 15,452.6	\$ 1,509.8	\$ 13,942.8
Net payments attributable to:			
Current year medical claims	\$ 12,556.3	\$ 385.5	\$ 12,170.8
Current year medical claims paid as a percent of current year net incurred medical claims	81.3%		87.3%

⁽¹⁾ Net incurred medical claims and payments for the month of December 2004 related to the former WellPoint Health Networks Inc.

Footnote 4:

Prior year redundancies in the current period as a percent of prior year net incurred medical claims - nine months ended September 30, 2005.

<u>Nine Months Ended September 30, 2005 - As Reported</u>	
Net incurred medical claims related to prior years (redundancies)	\$ 609.9

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Year Ended December 31, 2004 - As Reported

Net incurred medical claims related to current year	\$ 15,452.6
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Prior year redundancies in the current period as a percent of prior year net incurred medical claims - As Reported	3.9%
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Year Ended December 31, 2004 - Estimated ⁽²⁾

Net incurred medical claims related to current year	\$ 31,281.2
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Prior year redundancies in the current period as a percent of prior year net incurred medical claims - Comparable	1.9%
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⁽²⁾ Assumes the former WellPoint Health Networks Inc. had been owned for the entire year ended December 31, 2004.

Footnote 5:

Prior year redundancies in the current period as a percent of prior year net incurred medical claims - year ended December 31, 2003.

<u>Year Ended December 31, 2003 - As Reported</u>	
Net incurred medical claims related to prior years (redundancies)	\$ 226.2
<u>Year Ended December 31, 2002 - As Reported</u>	
Net incurred medical claims related to current year	\$ 9,887.9
Prior year redundancies in the current period as a percent of prior year net incurred medical claims - As Reported	2.3%
<u>Year Ended December 31, 2002 - Estimated ⁽³⁾</u>	
Net incurred medical claims related to current year	\$ 11,107.2
Prior year redundancies in the current period as a percent of prior year net incurred medical claims - Comparable	2.0%

⁽³⁾ Assumes the former Trigon Healthcare Inc. had been owned for the entire year ended December 31, 2002.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This press release contains certain forward-looking information about WellPoint, Inc. (WellPoint), WellChoice, Inc. (WellChoice) and the combined company after completion of the transactions that are 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 and WellChoice, 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 (formerly Anthem, Inc.), WellPoint Health Networks Inc. (WellPoint Health) and WellChoice; 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 and managed care; significant acquisitions or divestitures by major competitors; introduction and utilization of new prescription drugs and technology; a downgrade in our financial strength ratings; litigation targeted at health benefits companies; 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 WellPoint Health merger within the expected time-frames or at all and to successfully integrate our operations; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption, including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers, may be greater than expected following the transaction; our ability to consummate WellPoint s merger with WellChoice, to achieve expected synergies and operating efficiencies in the merger within the expected time-frames or at all; to meet expectations regarding repurchases of shares of our common stock and to successfully integrate our operations; such integration may be more difficult, time-consuming or costly than expected; revenues following the transaction may be lower than expected; operating costs, customer loss and business disruption, including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers, may be greater than expected following the transaction; the regulatory approvals required for the transaction may not be obtained on the terms expected or on the anticipated schedule; our ability to meet expectations regarding the timing, completion and accounting and tax treatments of the transaction and the value of the transaction consideration; 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. Neither WellPoint nor WellChoice undertakes 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 and WellChoice's various SEC reports, including but not limited to Annual Reports on Form 10-K for the year ended December 31, 2004 and Quarterly Reports on Form 10-Q for the reporting periods of 2005.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication is being made in respect of the proposed merger transaction involving WellPoint and WellChoice. In connection with the proposed transaction, WellPoint and WellChoice will prepare a registration statement on Form S-4, containing a proxy statement/prospectus for the stockholders of WellChoice to be filed with the SEC and each will be filing other documents regarding the proposed transaction with the SEC as well. **BEFORE MAKING ANY VOTING OR INVESTMENT DECISION, INVESTORS ARE URGED TO READ THE PROXY STATEMENT/PROSPECTUS REGARDING THE PROPOSED TRANSACTION AND ANY OTHER RELEVANT DOCUMENTS CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION.** The final proxy statement/prospectus will be mailed to WellChoice's stockholders. Investors and security holders will be able to receive the registration statement containing the proxy statement/prospectus and other documents free of charge at the SEC's web site, www.sec.gov, from WellPoint Investor Relations at 120 Monument Circle, Indianapolis, Indiana 46204, or from WellChoice Investor Relations at 11 West 42nd Street, New York, New York 10036.

PARTICIPANTS IN SOLICITATION

WellPoint, WellChoice and their directors and executive officers and other members of management and employees may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction. Information regarding WellPoint's directors and executive officers is available in WellPoint's proxy statement for its 2005 annual meeting of shareholders, which was filed with the SEC on April 8, 2005, and information regarding WellChoice's directors and executive officers is available in WellChoice's proxy statement for its 2005 annual meeting of stockholders, which was filed with SEC on March 28, 2005. Information regarding the persons who may, under the rules of the SEC, be considered participants in the solicitation of WellChoice stockholders in connection with the proposed transaction will be set forth in the proxy statement/prospectus when it is filed with the SEC.

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