

CIGNA CORP
Form 425
July 24, 2015

Anthem and Cigna:
Combination Creates Premier
Health Services Company
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Filed by Anthem, Inc.

(Commission File No. 001-16751) pursuant
to Rule 425 under the Securities Act of
1933 and deemed filed pursuant to
Rule 14a-12 under the Securities Exchange
Act of 1934

Subject Company: Cigna Corporation
Commission File No. 001-08323

Safe Harbor Statement (1 of 2)

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995:

This document, and oral statements made with respect to information contained in this communication, contain certain forward-looking information about Anthem, Inc. ([Anthem](#)), Cigna Corporation ([Cigna](#)) and the combined businesses of Anthem and Cigna that is intended to be covered by the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not generally historical facts. Words such as expect(s),

feel(s),
believe(s),
will,
may,
anticipate(s),
intend,
estimate,
project
and
similar
expressions
(including

the negative thereof) are intended to identify forward-looking statements, which generally are not historical in nature. These statements include, but are not limited to, statements regarding the merger between Anthem and Cigna; Anthem's financing of the proposed transaction; the combined company's expected future performance (including expected results of operations and financial guidance); the combined company's future financial condition, operating results, strategy and plans; statements about regulatory and other approvals; synergies from the proposed transaction; the combined company's expected debt-to-capital ratio and ability to retain investment grade ratings; the closing date for the proposed transaction; 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 known and unknown risks

and
uncertainties,
many
of
which
are
difficult
to
predict
and
generally
beyond
Anthem's
and
Cigna's
control,
that
could
cause

actual results and other future events 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 Anthem's and Cigna's public filings with the U.S. Securities and Exchange Commission

(the
SEC);
those
relating
to
the
proposed
transaction,
as
detailed
from

time to time in Anthem's and Cigna's filings with the SEC; increased government participation in, or regulation or taxation of health benefits and managed care operations, including, but not limited to, the impact of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010, or Health Care Reform; trends in health care costs and utilization rates; our ability to secure sufficient premium rates including regulatory approval for and implementation of such rates; our participation in the federal and state health insurance exchanges under Health Care Reform, which have experienced and continue to experience challenges due to implementation of initial and phased-in provisions of Health Care Reform, and which entail uncertainties associated with the mix and volume of business, particularly in Individual and Small Group markets, that could

negatively impact the adequacy of our premium rates and which may not be sufficiently offset by the risk apportionment provisions of Health Care Reform; our ability to contract with providers consistent with past practice; competitor pricing below market trends of increasing costs; reduced enrollment, as well as a negative change in our health care product mix; risks and uncertainties regarding Medicare and Medicaid programs, including those related to non-compliance with the complex regulations imposed thereon and funding risks with respect to revenue received from participation therein; our projected consolidated revenue growth and global medical customer growth; a downgrade in our financial strength ratings; litigation and investigations targeted at our industry and our ability to resolve litigation and investigations within estimates; medical malpractice or professional liability claims or other risks related to health care services provided by our subsidiaries;

Safe Harbor Statement (2 of 2)

Safe Harbor Statement Under The Private Securities Litigation Reform Act of 1995 Continued:

our ability to repurchase shares of its common stock and pay dividends on its common stock due to the adequacy of its cash flow and earnings and

other
 considerations;
 non-
 compliance
 by
 any
 party
 with
 the
 Express
 Scripts,
 Inc.
 pharmacy
 benefit

management services agreement, which could result in financial penalties; our inability to meet customer demands, and sanctions imposed by governmental entities, including the Centers for Medicare and Medicaid Services; events that result in negative publicity for us or the health benefits industry; failure to effectively maintain and modernize our information systems and e-business organization and to maintain good relationships with third party vendors for information system resources; events that may negatively affect Anthem's licenses with the Blue Cross and Blue Shield Association; possible impairment of the value of our intangible assets if future results do not adequately support goodwill and other intangible assets; intense competition to attract and retain employees; unauthorized disclosure of member or employee sensitive or confidential information, including the impact and outcome of investigations, inquiries, claims and litigation related to the cyber attack Anthem reported in February 2015; changes in the economic and market conditions, as well as regulations that may negatively affect our investment portfolio and liquidity; possible restrictions in the payment of dividends by our subsidiaries and increases in required minimum levels of

capital and the potential negative effect from our substantial amount of outstanding indebtedness; general risks associated with mergers and acquisitions; various laws and provisions in Anthem's governing documents that may prevent or discourage takeovers and business combinations; future public health epidemics and catastrophes; and general economic downturns. Important factors that could cause actual results and other future events to differ materially from the forward-looking statements made in this communication are set forth in other reports or documents that Anthem and/or Cigna may file from time to time with the SEC, and include, but are not limited to: (i) the ultimate outcome of the proposed transaction, including the ability to achieve the synergies and value creation contemplated by the proposed transaction, (ii) the ultimate outcome and results of integrating the operations of Anthem and Cigna, (iii) disruption from the merger making it more difficult to maintain businesses and operational relationships, (iv) the risk that unexpected costs will be incurred in connection with the proposed transaction, (v)

the timing to consummate the proposed transaction, (vi) the possibility that the proposed transaction does not close, including, but

not
 limited

to,
 due

to
 the
 failure

to
 satisfy

the
 closing
 conditions,
 including

the
receipt
of
required
regulatory
approvals
and

the receipt of approval of both Anthem's and Cigna's shareholders and stockholders, respectively, and (viii) the risks and uncertainties detailed by Cigna with respect to its business as described in its reports and documents filed with the SEC. All forward-looking statements attributable to Anthem, Cigna or any person acting on behalf of Anthem and/or Cigna are expressly qualified in their entirety by this cautionary statement. Readers are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Except to the extent otherwise required by federal securities law, neither Anthem nor Cigna undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or the receipt of new information. Readers are also urged to carefully review and consider the various disclosures in Anthem's and Cigna's SEC reports.

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Non-GAAP Measures

Non-GAAP Measures:

This presentation includes certain non-GAAP financial measures. These non-GAAP measures may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation of, or as a substitute for, the financial information prepared and presented in accordance with GAAP. This data should be read in conjunction with previously published company reports on Forms 10-K, 10-Q and 8-K. We refer you to the

Appendix of these presentation materials for reconciliations to the most directly comparable GAAP financial measures and related information.

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This communication does not constitute an offer to sell or a solicitation of an offer to sell or a solicitation of an offer to buy any securities or a solicitation of any vote or approval, nor shall there be any sale of securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. No offering of securities shall be made except by means of a prospectus meeting the requirements of Section 10 of the Securities Act of 1933, as amended, and otherwise in accordance with applicable law.

The proposed transaction between Anthem, Inc. ("Anthem") and Cigna Corporation ("Cigna") will be submitted to Anthem's shareholders and stockholders (as applicable) for their consideration. In connection with the transaction, Anthem and Cigna

will file relevant materials with the U.S. Securities and Exchange Commission (the "SEC"), including an Anthem registration on Form S-4 that will include a joint proxy statement of Anthem and Cigna that also constitutes a prospectus of Anthem, and e will

mail the definitive joint proxy statement/prospectus to its shareholders and stockholders, respectively. This communication is not a substitute for the registration statement, joint proxy statement/prospectus or any other document that Anthem and/or Cigna may file with the SEC in connection with the proposed transaction.

INVESTORS AND SECURITY HOLDERS OF ANTHEM AND CIGNA ARE URGED TO READ THE JOINT PROXY STATEMENT AND OTHER DOCUMENTS FILED WITH THE SEC CAREFULLY IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE. IMPORTANT INFORMATION ABOUT THE PROPOSED TRANSACTION. Investors and security holders will be able to obtain the registration statement containing the joint proxy statement/prospectus and other documents filed with the SEC by Anthem and Cigna (when available) through the web site maintained by the SEC at <http://www.sec.gov>. Copies of the documents filed with the SEC by Anthem will be available free of charge on Anthem's internet website at <http://www.antheminc.com> or by contacting Anthem's Investor Relations Department at (317) 488-6168. Copies of the documents filed with the SEC by Cigna will be available free of charge on Cigna's internet website at <http://www.cigna.com> or by contacting Cigna's Investor Relations Department at (215) 761-4100. Anthem, Cigna and their respective 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. You can find information about Anthem's executive officers and directors in Anthem's annual report on Form 10-K for the year ended December 31, 2014 and in the definitive

proxy
statement
filed
with
the
SEC
on
April
1,
2015.
You
can
find
information
about
Cigna's
executive
officers
and
directors
in
Cigna's
annual
report
on
Form
10-K
for
the
year
ended
December

31,
2014
and
its
definitive
proxy
statement
filed
with
the
SEC
on

March 13, 2015. Additional information regarding the interests of such potential participants will be included in the joint proxy statement/prospectus

when
it
is
filed
with
the
SEC.

You
may
obtain
free
copies
of
these
documents
using
the
sources
indicated
above.

Important Information for Investors and
Shareholders

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Participants

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Joseph Swedish

Anthem President and Chief Executive Officer

David Cordani

Cigna President and Chief Executive Officer

Wayne DeVeydt

Anthem EVP and Chief Financial Officer
Doug Simpson
Anthem VP Investor Relations

Transaction Summary

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* Calculated as of Anthem's and Cigna's closing stock price on May 28, 2015; stock consideration based on a fixed exchange

\$188.00 per share in the form of ~55% funded through cash and
~45% funded through Anthem stock

38.4%
premium to Cigna's unaffected stock price*

Anthem shareholders to own ~67%
and
Cigna shareholders to own ~33%
of the combined company

Cash portion financed through cash on hand
and new debt
issuance; equity portion through issuance of Anthem shares to
Cigna shareholders

Pro forma debt-to-cap approximately 49%
at closing projected to
decline to low 40% two years post-close

Committed to retaining investment grade debt ratings

Shareholder vote
required for both companies

Regulatory approvals
including Hart-Scott-Rodino, state
departments of insurance and other regulators

Anticipated closing in the second half of 2016

Expanded Footprint Enhances
Ability to Compete

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Source: Company Filings.

Note: Medical membership data as of 1Q 2015. Revenue projection based on the most recent 2015 outlook publicly reported by

+

38.5M

Members

53.2M

Members

Combined Company Generates Over \$115 Billion in Annual Revenue

Combined Company Generates Over \$115 Billion in Annual Revenue

Leading Position

Commercial Risk

Commercial ASO

Government

Individual

Specialty

International

Leading Position

Commercial Risk

Commercial ASO

Government

Individual

Specialty

International

Commercial-

Risk

15%

ASO

66%

Medicare

4%

Medicaid

11%

FGS

3%

International

1%

Commercial-

Risk

17%

ASO

61%

Medicare

4%

Medicaid

14%

FGS

4%

Innovative Solutions Driving
Affordability & Choice

Leadership position in advancing provider
collaboration and new payment models

Proven health and wellness programs

Local focus advancing affordability

Technology centric investments across
industry's largest base of membership

Enhanced administrative efficiency

Comprehensive product and funding offerings

Serving employer-sponsored, individual, state
and federal government and international
customers

Breadth of served segments addresses
evolving needs of consumers over their
lifetime

Diverse value based specialty products

Affordability

Choice

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Combination of Complementary Businesses

Most recognizable brand

Local focus

A leading Commercial franchise

Strong Public Exchange execution

A leading and growing Medicaid franchise

A leading Medicare Supplement and improving Medicare Advantage business

Well-positioned for Dual Eligible opportunity
Anthem

Strong Commercial player with broad geographic coverage

Middle Market ASO/Stop Loss solutions

A leading Specialty capability (Behavioral Health, Dental, Pharmacy, Disability & Life)

Proven wellness programs

Medicare position with leading physician-engagement model

Differentiated International businesses

Diversified and Complementary Platforms

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Cigna

Three Pillars to Benefit Combined Entity
Provider
Collaboration
11
Managing
Total Cost of
Care

Consumer
Centricity
Data and Insights
Talent
Affordability
Quality
Choice/
Personalization

Affordability Driven By Provider
Collaboration and Connected Care
12
CUSTOMER
Provider
Collaboration
Enhanced Personal

Health Care Program

Realized Outcomes

Select Models

Fewer acute inpatient
admissions

Decrease in outpatient
surgery costs

Fewer inpatient days per
1,000

Reduction in admission of
high risk patients

Reduction in ER visit costs

Decrease in ER utilization

PROVIDER

Both companies are aligned in their goals to
drive better health, choice and long-term affordability

Total Cost of Care Advantage
13
Demonstrated ability to drive
medical cost savings for the
nation's leading companies
Company A

150,000+ members

6%+ in Year 1 savings
Company B

200,000+ members

15%+ in Year 1 savings
Discounts alone do not capture the full value
Healthy
Healthy at Risk
Chronic
Acute
Broad and Proven Health, Wellness &
Engagement Capabilities Serving:

Consumer-centric Approach Caters to
Member Needs

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1

2

Choice &
Control

Ease &

Affordability

Feeling confident you are covered
and will be taken care of in the
event of a health issue

Understanding your costs and
coverage so there aren't any
negative surprises when you need
to use your benefits

Minimal interaction with your
insurer, except when you have a
question or an issue arises

then

high engagement through
personalized, effortless service
is demanded

Extensive research has identified the primary drivers of great consumer experiences

Confidence

in coverage

Clarity

in coverage

Ease

of getting help

Health &

Wellness Focus

3

Keys to a successful retail-oriented approach

Leading Data

Analytics

4

Compelling Financial Rationale

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Synergies

Confidence in ability to
capture run-rate synergies
approaching \$2 billion

pre-tax within two years
post-close

Expected PBM synergies
have not been included in
assumptions
Balance sheet

Committed to retaining
investment grade debt
ratings

Pro forma debt to cap of
approximately 49% at closing
with intent to decline to low
40% two years post-close

Expect to maintain our
dividend

Will maintain flexibility with
regards to share repurchases
Adjusted EPS

Approaching 10%
accretion to Adjusted
Earnings per Share in first
year post-close

Accretion more than
doubles in year two

* Transaction expected to close in the second half of 2016; 2018 estimate assumes transaction close on 12/31/2016
\$17.00+ Adjusted Earnings per Share in 2018*

Identifiable and Achievable Synergies

Administrative structure

Operational efficiencies

Network efficiencies and medical management

Cross leverage best in class capabilities

Leverage Cigna Specialty capabilities across Anthem

Unique capabilities to serve growing Dual Eligible population

Potential PBM synergies have not been included

One-time implementation costs estimated to be ~\$600 million spread over two years

Precedent transactions comfortably affirm

a synergy level approaching \$2 billion

Confidence in

ability to achieve

annual synergies

approaching

\$2 billion

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Value Creation for Both Sets of Shareholders

+

Adjusted Earnings per Share

Greater than

+

+

* 2015 Adjusted EPS guidance excludes greater than \$0.25 per share of net unfavorable items. See appendix for the GAAP reconciliation

** Transaction expected to close in the second half of 2016; 2018 estimate assumes transaction close on 12/31/2016

Strong growth from
Medicaid, Individual /
Exchange, Medicare
Advantage, Dual Eligible,
and Specialty

Confidence in ability to
achieve annual run-rate
synergies approaching
\$2 billion by year 2

+
\$17.00+ Adjusted Earnings per Share in 2018**

17
\$10.00
\$14.00
\$3.00
\$17.00
2015*
2018

A Clearly Defined Financing Plan

(\$ in billions)

Available cash

\$6

Term loans and public debt

\$22

Equity issued to

Cigna shareholders

\$21

Total

\$49

Financing considerations

Anticipated financing sources

Received committed financing for
the transaction

Permanent financing anticipated to
include combination of term loans,
public debt and equity portion of
the merger consideration issued to
Cigna shareholders

Debt-to-cap at close will be
approximately 49%

Committed to de-levering and
project to decline to low 40% debt-
to-cap two years post-close

Committed to retaining investment
grade debt ratings

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Continues Anthem's and Cigna's Strong
Track Records of Value Creation

Source: FactSet

data as of unaffected date of 5/28/15

Note: Share price performance over two years prior to unaffected date of 5/28/15

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Anthem and Cigna Management teams have delivered on their promises

Both Management teams have an established track record of execution in this dynamic environment

Industry leading execution in several end markets

Anthem

109%

Cigna

97%

75%

100%

125%

150%

175%

200%

225%

250%

05/13

09/13

01/14

05/14

09/14

01/15

05/15

Anthem

Cigna

Successfully integrated and continue to outperform with Amerigroup and HealthSpring platform acquisitions

Compelling Transaction for

Cigna Shareholders

Unaffected Price on 5/28/15: \$135.87

Acquisition Price: \$188.00*

10-day Trading Average as of 5/28/15: \$133.82

Median WS Target Price on 5/28/15: \$145.00

38.4%

Premium

40.5%

Premium

Source: Bloomberg

Cigna shareholders to participate in significant upside of combined company

Approaching \$2 billion of annual run-rate synergies + potential upside from PBM optionality

Anthem's industry leading capital deployment track record

Will participate in the significantly enhanced
value of the combined company

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* Calculated as of Anthem's closing stock price on May 28, 2015

\$80

\$100

\$120

\$140

\$160

05/14

07/14

09/14

10/14

12/14

02/15

03/15

05/15

Cigna

29.7%

Premium

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Consideration Mix
and Value Creation
Given stock component,
Cigna shareholders
will share in
the synergy value

Total consideration

Cash consideration

Stock consideration

\$188.00 per share*

\$103.40

per share

\$84.60

per share*

* Calculated as of Anthem's closing stock price on May 28, 2015

Summary

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Diverse well positioned global growth platform with over \$115 billion in combined annual revenue and 53 million medical members

Enhances ability to advance health care access, affordability and quality for our customers

Meaningful opportunities to improve operational efficiency and

lower health care costs

Approaching 10% accretion to Adjusted EPS in year 1; more than doubling in year 2

Anthem and Cigna Boards unanimously support the transaction

Anthem and Cigna are highly confident in the ability to consummate the transaction

Anthem is committed to leading the change in health care delivery as a trusted partner for consumers

*Estimated based on projections as of 7/24/15.

Full Year 2015

Outlook*

Net income per diluted share

Greater than \$9.75

-

net of related tax effects:

Net realized gains on investments

(\$0.33)

Other-than-temporary impairment losses on investments

\$0.08

Loss on extinguishment of debt

\$0.00

Amortization of other intangible assets

Greater

than \$0.50

Greater than \$0.25

Adjusted net income per diluted share

Greater than \$10.00

GAAP Reconciliation

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We have referenced "Adjusted Net Income Per Diluted Share" (or Adjusted EPS), a non-GAAP measure, in this document. GAAP measure is intended to aid investors and analysts when comparing our financial results among periods. Management also uses this measure as a basis for evaluating performance, allocating resources, forecasting future operating periods and setting incentive compensation targets. A reconciliation of this measure to the most directly comparable measure calculated in accordance with GAAP is presented below. For additional details, refer to our earnings results press releases and SEC filings, including but not limited to our Annual Report on Form 10-K for the year ended December 31, 2014, and our Quarterly Report on Form 10-Q for the three months ended March 31, 2015, available at www.antheminc.com.