

CIGNA CORP
Form 425
July 24, 2015

Anthem and Cigna:
Combination Creates Premier
Health Services Company
1
Filed by Anthem, Inc.

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(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;

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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 and Cigna's shareholders and stockholders (as applicable) for their consideration. In connection with the transaction, Anthem and

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 a copy of 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 Cigna's annual report on Form 10-K for the year ended December 31, 2014.

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

9

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

14

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

Recent Developments

In June 2013, we entered into a non-binding letter of intent (“LOI”) to acquire KleenSpeed Technologies (“KleenSpeed”). KleenSpeed is a leading provider of highly-engineered mobile military and emergency response vehicles.

In January 2014, we agreed to provide HDT Global, a leading provider of highly-engineered mobile military and emergency response vehicles.

On February 7, 2014, Flux Power received approval to sell its lithium battery 24 volt LiFT Pack for Class III Toyota lift trucks.

From January to March 2014, we conducted a Private Placement Offering of Units (“Offering”). The Units were offered only to qualified institutional buyers.

Security Research Associates Inc. of San Francisco (“SRA”) served as our placement agent in connection with the Offering. The Offering was completed on March 13, 2014.

On March 13, 2014, the board of directors (“Board”) increased the size of the Board to five (5) and appointed Timothy Collins as a director.

Segment and Related Information

We operate as a single reportable segment.

Results of Operations and Financial Condition

Comparison for the Three Months Ended March 31, 2014 and 2013

Net Loss

Net losses reported were approximately \$1,745,000 for the three months ended March 31, 2014, as compared to a net loss of a

Revenues

We currently sell products direct or through one of several retail distributors in North America. Our direct customers range from

Revenues for the three months ended March 31, 2014, decreased by approximately \$14,000, or 13%, compared to the three mo

Cost of Revenues

Cost of revenues for the three months ended March 31, 2014, decreased approximately \$80,000, or 63%, compared to the three

Gross Profit

Gross profit for the three months ended March 31, 2014, increased by approximately \$66,000, or 330%, compared to the three

Selling, and General and Administrative Expenses

Selling, and general and administrative expenses for the three months ended March 31, 2014, and 2013, were approximately \$

Amortization of Prepaid Advisory Fees

Amortization of prepaid advisory fees for the three months ended March 31, 2014, and 2013, was approximately \$427,000 and

Research and Development Expense

Research and development expenses for the three months ended March 31, 2014, and 2013, were approximately \$139,000 and

Change in Fair Value of Warrant Derivative Liability

Increases or decreases in fair value of the warrants for the three months ended March 31, 2014, and 2013 are included as a com

Other Expense

Other expense for the three months ended March 31, 2014, and 2013, were approximately \$58,000 and \$0, respectively. Such o

Comparison for the Nine Months Ended March 31, 2014 and 2013

Net Loss

Net losses reported were approximately \$3,407,000 for the nine months ended March 31, 2014, as compared to a net loss of ap

Revenues

Revenues for the nine months ended March 31, 2014, decreased by approximately \$543,000, or 78%, compared to the nine mo

Cost of Revenues

Cost of revenues for the nine months ended March 31, 2014, decreased approximately \$543,000, or 86%, compared to the nine

Gross Profit

Gross profit for the nine months ended March 31, 2014, did not change compared to the nine months ended March 31, 2013. G

Selling, and General and Administrative Expenses

Selling, and general and administrative expenses for the nine months ended March 31, 2014, and 2013, were approximately \$1

Amortization of Prepaid Advisory Fees

Amortization of prepaid advisory fees for the nine months ended March 31, 2014, and 2013, was approximately \$1,252,000 and \$

Research and Development Expense

Research and development expenses for the nine months ended March 31, 2014, and 2013, were approximately \$369,000 and \$

Change in Fair Value of Warrant Derivative Liability

Increases or decreases in fair value of the warrants for the nine months ended March 31, 2014, and 2013 are included as a com

Other Expense

Other expense for the nine months ended March 31, 2014, and 2013, were approximately \$58,000 and \$0, respectively. Such e

Liquidity and Capital Resources

Overview

As of March 31, 2014, we had a cash balance of approximately \$673,000, negative working capital of approximately \$355,000

Cash Flows

Operating Activities

Our operating activities resulted in net cash used in operations of approximately \$1,291,000 for the nine months ended March 31, 2014.

Net cash used in operating activities during the nine months ended March 31, 2014, reflect the net loss of approximately \$3,400,000.

Investing Activities

There were no investing activities for the nine months ended March 31, 2014.

Financing Activities

Net cash provided by financing activities during the nine months ended March 31, 2014, and 2013, was approximately \$1,944,000.

From January to March 2014, we conducted a Private Placement Offering of Units (“Offering”). The Units were offered only to qualified institutional buyers.

We also incurred non-cash expenses in the form of 1,791,000 warrants issued to SRA as commission fees, at similar terms as t

Future Liquidity Needs

The Company has evaluated its expected cash requirements over the next twelve months, which include, but are not limited to,

If we are unable to increase sales of our products or obtain additional funding in the near future, our cash resources will rapidly

Management plans to continue to seek additional equity financing to generate the capital required to fund its current operations

To the extent that we raise additional funds by issuing equity or debt securities, our shareholders may experience additional sig

Off-Balance Sheet Arrangements

None.

Critical Accounting Policies

The unaudited interim financial statements have been prepared in accordance with accounting principles generally accepted in

Recent Accounting Pronouncements

For the nine months ended March 31, 2014, there were no accounting standards or interpretations that became effective or issu

ITEM 3 — QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is a smaller reporting company as defined by Rule 12b-2 of the Exchange Act and is not required to provide the

ITEM 4 - CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in the rep

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal controls over financial reporting during the most recently completed fis

PART II – OTHER INFORMATION

ITEM 1 — LEGAL PROCEEDINGS

From time to time, we may become involved in various lawsuits and legal proceedings which arise in the ordinary course of bu

ITEM 1A — RISK FACTORS

Any investment in our common stock involves a high degree of risk. Investors should carefully consider the risks described in

ITEM 2 — UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

Option Exercise

In connection with an immaculate cashless exercise by one of the Company's option holder, on April 28, 2014, the Company i

Compensation Issuance

Pursuant to an Advisory Agreement ("Advisory Agreement") with Baytree Capital, on January 21, 2014, we issued Baytree Ca

In connection with our contract with Catalyst Global LLC for investor relations services, on April 24, 2014, we issued Catalys

Board Issuance

As compensation for Board services provided to the Company, on March 13, 2014 the Board granted stock options to purchase

In connection with Mr. Collins' appointment to the Board, the Board granted Mr. Collins (1) non-qualified stock options to pur

The securities issued to the Board have not been registered under the Securities Act and have been issued pursuant to exemption

ITEM 3 — DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4 — MINE SAFETY DISCLOSURES

Not applicable.

ITEM 5 — OTHER INFORMATION

None.

ITEM 6 — EXHIBITS

The following exhibits are filed as part of this Report

Exhibit No.	Description
31.1	Certifications of the Chief Executive Officer under Section 302 of the Sarbanes-Oxley Act.*
31.2	Certifications of the Chief Financial Officer under Section 302 of the Sarbanes-Oxley Act.*
32.1	Certifications of the Chief Executive Officer under Section 906 of the Sarbanes-Oxley Act.*
32.2	Certifications of the Chief Financial Officer under Section 906 of the Sarbanes-Oxley Act.*

101.INS XBRL Instance Document (1)
101.SCH XBRL Taxonomy Extension Schema (1)
101.CAL XBRL Taxonomy Extension Calculation Linkbase (1)

101.DEF XBRL Taxonomy Extension Definition Linkbase (1)
101.LAB XBRL Taxonomy Extension Label Linkbase (1)
101.FRE XBRL Taxonomy Extension Presentation Linkbase (1)

* Filed herewith.

(1) XBRL (Extensible Business Reporting Language) information is furnished and not filed or a part of a registration statement

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on

Flux Power Holding, Inc.

Date: May 15, 2014 By: By: /s/ Ronald F. Dutt
Name: Ronald F. Dutt
Title: Chief Executive Officer
Principal Executive Officer