



# CIGNA AND EXPRESS SCRIPTS: COMBINING TO TRANSFORM HEALTH CARE

## U.S. HEALTH CARE NEEDS TO CHANGE

The current U.S. health care system is unsustainable. Each year, health care and retail prescription drug spending is projected to grow more rapidly than GDP – at 5.6 percent<sup>1</sup> and 6.3 percent<sup>2</sup> respectively. Overall, the system is ripe with: complexity, gaps in care, unnecessary hospital readmissions<sup>3</sup>, misuse of medication<sup>4</sup>, medical errors<sup>5</sup>, misaligned incentives, a lack of medication adherence, and a lack of coordination across the health ecosystem. **As a society, we can and must do better.**

## TRANSFORMING HEALTH CARE

The combination of Cigna and Express Scripts – two complementary health care services companies with industry-leading trend management capabilities – moves us toward a solution by establishing a blueprint for integrated and personalized health care. We will address the individual as a “whole person”, provide improved predictability and affordability, align providers and customers to ensure the best outcomes, and approach each customer’s health journey as a continuous one. **This deal will accelerate the pace of change we can bring to the system. Together, the combined company will seek to transform health care service – reducing costs, while improving the customer experience, care quality and health outcomes.**



**Expand our integrated, high-value health solutions to reduce the total cost of care.**

Connecting the various elements of a person’s health journey is key to providing better care and lowering the rising cost of health care spending, which is projected to grow at almost twice the rate of other consumer products. By bringing together the medical, behavioral and health engagement (wellness) insights of Cigna and the broad pharmacy, specialty pharmacy, and clinical insights of Express Scripts, we can **create integrated customer solutions that offer better care, reduce medical and pharmaceutical costs, and flatten the cost curve for health care to be in line with that of other consumer goods.**



**Harness analytics and insights to further personalize care and predictability.**

Combined, we will serve **100 million+ customers** and have **one billion+ customer touch points** annually which will lead to **better aggregated insights and analytics** for an **optimized customer experience** that is **personalized** to each customer’s needs. We will use predictive analytics to help prevent and predict disease, conduct early interventions, and track patterns in illness and prescriptions. This will allow medical professionals and caregivers to take a proactive approach to preventative outreach and help stem the tide of serious epidemics like the opioid crisis.



**Broaden our reach across geographies to meet the full health needs of clients, customers and the communities in which we all work and live.**

With minimal overlap in Cigna's and Express Scripts' current geographies and ~10-15 percent overlap in clients, **the combined company's reach will significantly expand.** The enhanced offerings deployable immediately across the U.S. will increase relevance in all markets. Combined, we will also be able to go deeper in our communities to help close gaps in care, making an incremental **\$200 million investment in our charitable foundation at closing.**



**Accelerate the transition to value-based care by aligning incentives and creating accountability to improve medical outcomes.**

By shifting the current fee-for-service model that rewards physicians for the number of patients they see, to a system that rewards them based on positive medical outcomes, we can achieve optimized health and wellness. Cigna already has **500+ value-based arrangements** and reaches **2.4 million+ customers**, while Express Scripts has **~100 value-based contracts with pharmaceutical manufacturers.** Together, we will work to change the payment model such that 80 percent of the combined company's health care costs are driven through value-based care models.



**Unlock value across the pharmacy supply chain and increase the value achieved for each dollar spent on pharmaceuticals.**

We will streamline the pharmaceutical supply chain and help identify the medications that create the most positive health outcomes, **enabling our customers to get the right medication, in the right dosage, at the right time, at a fair cost.** We will unlock greater value, and reduce costs, by providing customers with information about options of where to access to care – **dispensing for economic value.** In addition, Cigna's medical expertise in treating chronic conditions, coupled with Express Scripts' **specialty pharmaceutical expertise**, gives customers access to the best possible and more cost effective treatments for these challenging conditions.



**Bolster our strong commitment to providing transparency to clients and customers.**

We will ensure clients have full access to insights that can improve affordability to help them make informed decisions and **goal-based benefit solutions**, and **better manage rising pharmaceutical costs.** For customers, the combined company will be able to make investments in tools, technology and digital services geared specifically to **increasing cost transparency, creating individualized solutions**, accelerating the adoption of technology and digital services for a better user experience, and expanding educational capabilities.



**Provide choice and flexibility that enable the best care when and where customers and clients need it.**

Through our core medical, behavioral and additional services, we are able to simplify our customers' lives **by offering access to care in multiple ways** – through **telehealth, in-home or at the office.** We will also offer flexibility in pharmaceutical services and provide simplified access to medications for customers so they can **fill prescriptions in the way that fits their needs and lifestyle.** Whether getting medication through home delivery or at brick-and-mortar locations, customers can make that choice. We have an open delivery system focused solely on customer health outcomes.



**Continue to invest in innovation to drive health care system improvements.**

Innovation is essential to drive the changes we want to see in the health care system: choice, transparency, personalization and positive health outcomes. We are **committed to investing in innovation at or above the current rate of spend for both companies today**, and have retained adequate flexible capital so that we can continue to do so. Our investments will rapidly bring solutions to market – for example, creating patient-level dashboards that give customers and physicians a composite view of individual health with historical and real-time info on medical, pharmacy, behavioral, lab, and more.



**Deliver differentiated financial results through these new and enhanced opportunities, positioning us for sustained growth.**

Cigna has a strong track record of value creation as evidenced by our double-digit top-line and bottom-line growth over an eight-year period. **The combined company will increase value capture for shareholders** through:

- Strong EPS accretion: Increased 2021 EPS target to **\$20-\$21.**
- Immediate and longer-term cost savings: **~\$600 million** of retained synergies.
- Strengthened growth profile: **6-8 percent** revenue CAGR target over the long-term.
- Maintain balance sheet flexibility: 2021 target of **~\$6 billion** free cash flow.

#### SOURCES: Summary of Combination

1. <https://www.healthaffairs.org/doi/10.1377/hlthaff.2016.1627>
2. <https://www.reuters.com/article/us-usa-healthcare-spending/u-s-healthcare-spending-to-climb-5-3-%-in-2018-agency-idUSKCN1FY2ZD>
3. <http://www.ihl.org/Topics/Readmissions/Pages/default.aspx>
4. <http://www.pharmacist.com/article/misuse-and-abuse-noncontrolled-drugs-its-not-just-prescription-opioids-anymore>
5. [https://www.washingtonpost.com/news/to-your-health/wp/2016/05/03/researchers-medical-errors-now-third-leading-cause-of-death-in-united-states/?noredirect=on&utm\\_term=.df1519489176](https://www.washingtonpost.com/news/to-your-health/wp/2016/05/03/researchers-medical-errors-now-third-leading-cause-of-death-in-united-states/?noredirect=on&utm_term=.df1519489176)

## FORWARD LOOKING STATEMENTS

Information included or incorporated by reference in this communication, and information which may be contained in other filings with the Securities and Exchange Commission (the "SEC") and press releases or other public statements, contains or may contain forward-looking statements. These forward-looking statements include, among other things, statements of plans, objectives, expectations (financial or otherwise) or intentions.

Forward-looking statements, including as they relate to Express Scripts ("Express Scripts") or Cigna ("Cigna"), the management of either such company or the transaction, involve risks and uncertainties. Actual results may differ significantly from those projected or suggested in any forward-looking statements. Express Scripts and Cigna do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Any number of factors could cause actual results to differ materially from those contemplated by any forward-looking statements, including, but not limited to, the risks associated with the following:

- the inability of Express Scripts and Cigna to obtain stockholder or regulatory approvals required for the merger or the requirement to accept conditions that could reduce the anticipated benefits of the merger as a condition to obtaining regulatory approvals;
- the possibility that the anticipated benefits from the merger cannot be realized in full, or at all or may take longer to realize than expected;
- a longer time than anticipated to consummate the proposed merger;
- problems regarding the successful integration of the businesses of Express Scripts and Cigna;
- unexpected costs regarding the proposed merger;
- diversion of management's attention from ongoing business operations and opportunities;
- potential litigation associated with the proposed merger;
- the ability to retain key personnel;
- the availability of financing;
- effects on the businesses as a result of uncertainty surrounding the proposed merger; and
- the industry may be subject to future risks that are described in SEC reports filed by Express Scripts and Cigna.

You should carefully consider these and other relevant factors, including those risk factors in this communication and other risks and uncertainties that affect the businesses of Express Scripts and Cigna described in their respective filings with the SEC, when reviewing any forward-looking statement. These factors are noted for investors as permitted under the Private Securities Litigation Reform Act of 1995. Investors should understand it is impossible to predict or identify all such factors or risks. As such, you should not consider either foregoing lists, or the risks identified in SEC filings, to be a complete discussion of all potential risks or uncertainties.

## IMPORTANT INFORMATION ABOUT THE TRANSACTION AND WHERE TO FIND IT

This communication does not constitute an offer to sell or solicitation of an offer to buy any securities. In connection with the proposed transaction, the newly formed company which will become the holding company following the transaction ("Holdco") filed with the SEC a registration statement on Form S-4. The registration statement on Form S-4 includes a joint proxy statement of Cigna and Express Scripts that also constitutes a prospectus of Holdco. The registration statement was declared effective by the SEC on July 16, 2018,

and Cigna and Express Scripts commenced mailing the definitive joint proxy statement/prospectus to the respective stockholders of Cigna and Express Scripts on or about July 17, 2018. Cigna and Express Scripts also plan to file other relevant documents with the SEC regarding the proposed transaction. This document is not a substitute for the registration statement or the joint proxy statement/prospectus or any other document which Cigna, Express Scripts or Holdco may file with the SEC. INVESTORS AND SECURITY HOLDERS ARE URGED TO READ THE REGISTRATION STATEMENT, JOINT PROXY STATEMENT/PROSPECTUS AND ANY OTHER RELEVANT DOCUMENTS THAT ARE FILED OR MAY BE FILED WITH THE SEC, AS WELL AS ANY AMENDMENTS OR SUPPLEMENTS TO THESE DOCUMENTS, CAREFULLY AND IN THEIR ENTIRETY BECAUSE THEY CONTAIN OR WILL CONTAIN IMPORTANT INFORMATION. You may obtain a free copy of the registration statement on Form S-4 and the definitive joint proxy statement/prospectus and other relevant documents filed by Holdco, Cigna and Express Scripts with the SEC at the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of documents filed with the SEC by Cigna will be available free of charge on Cigna's website at [www.Cigna.com](http://www.Cigna.com) or by contacting Cigna's Investor Relations Department at (215) 761-4198. Copies of documents filed with the SEC by Express Scripts will be available free of charge on Express Scripts' website at [www.express-scripts.com](http://www.express-scripts.com) or by contacting Express Scripts' Investor Relations Department at (314) 810-3115.

## PARTICIPANTS IN THE SOLICITATION

Cigna (and, in some instances, Holdco) and Express Scripts and their respective directors and executive officers may be deemed to be participants in the solicitation of proxies in respect of the proposed transaction under the rules of the SEC. Investors may obtain information regarding the names, affiliations and interests of directors and executive officers of Cigna (and, in some instances, Holdco) in Cigna's Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 28, 2018, and its definitive proxy statement for its 2018 Annual Meeting, which was filed with the SEC on March 16, 2018. Investors may obtain information regarding the names, affiliations and interests of Express Scripts' directors and executive officers in Express Scripts' Annual Report on Form 10-K for the year ended December 31, 2017, which was filed with the SEC on February 27, 2018, and its proxy statement for its 2018 Annual Meeting, which was filed with the SEC on March 29, 2018. You may obtain free copies of these documents at the SEC's website at [www.sec.gov](http://www.sec.gov), at Cigna's website at [www.Cigna.com](http://www.Cigna.com) or by contacting Cigna's Investor Relations Department at (215) 761-4198. Copies of documents filed with the SEC by Express Scripts will be available free of charge on Express Scripts' website at [www.express-scripts.com](http://www.express-scripts.com) or by contacting Express Scripts' Investor Relations Department at (314) 810-3115. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, will be contained in the joint proxy statement/prospectus and other relevant materials to be filed with the SEC regarding the proposed transaction if and when they become available. Investors should read the joint proxy statement/prospectus carefully and in its entirety when it becomes available before making any voting or investment decisions.

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