

Americas Credit Derivatives Determinations Committee Statement – March 23, 2020

Cigna Holding Company Successor Determination

DC Issue Number 2019103101

The Americas DC considered the General Interest Question relating to Cigna Holding Company (f/k/a Cigna Corporation) (**Old Cigna**) (DC Issue Number 2019103101) under the 2014 ISDA Credit Derivatives Definitions (the **2014 Definitions**) as published by the International Swaps and Derivatives Association, Inc., and Resolved on March 23 2020 that as a result of an exchange offer involving Cigna Corporation (**New Cigna**), each of Old Cigna and New Cigna became a Successor to Old Cigna under the 2014 Definitions.¹

The Americas DC is providing the following statement in connection with its Successor determination.

1. SUMMARY OF EVENTS

- (a) On September 26, 2019 New Cigna announced the commencement of offers to tender and exchange validly tendered outstanding notes issued by Old Cigna for new senior notes to be issued by New Cigna (the **Offer**).² On October 10, 2019, the early results of the Offer were announced.³ New Cigna's Investors Relations confirmed that final settlement of the Offer occurred on November 6, 2019.
- (b) The Americas DC identified the following notes issued by Old Cigna (the **Old Cigna Notes**). As noted in the table below, all but two series were tendered for exchange for the new senior notes to be issued by New Cigna (the **New Cigna Notes**). Based on Eligible Information (including subsequent SEC filings and discussion with New Cigna's Investors Relations), the Americas DC did not identify any other debt of Old Cigna other than the Old Cigna Notes that was outstanding at the time of the Offer.

¹ Each capitalized term used but not defined in this Statement shall have the meaning given to it in (a) the DC Rules or (b) the 2014 Definitions, as applicable.

² See the following news release in connection with the announcement of the offer (dated September 26, 2019): <https://www.cigna.com/newsroom/news-releases/2019/cigna-corporation-announces-exchange-offers-and-consent-solicitations>

³ See the following news release in connection with the early results of the offer (dated October 10, 2019): <https://www.cigna.com/newsroom/news-releases/2019/cigna-corporation-announces-early-results-of-exchange-offers-and-consent-solicitations-for-senior-notes>

Title of Series/ CUSIP	Aggregate Amount (USD mm)⁴	Principal Outstanding	Aggregate Principal Amount Tendered and Accepted (USD mm)⁵
4.500% Notes due 2021/ 125509BP3	300		215.52
4.000% Notes due 2022/ 125509BS7	750		548.38
8.30% Notes due 2023 / 125509AG4	16.86		3.08
7.65% Notes due 2023 / 125509AH2	100		40.29
3.250% Notes due 2025 / 125509BU2	900		756.76
7.875% Debentures due 2027 / 125509AZ2	259.48		178.83
3.05% Notes due 2027 / 125509BVO	600		549.74
8.30% Step-Down Notes due 2033 / 125509BE8	45.35		31.88
6.150% Notes due 2036 / 125509BH1	190.50		175.08
5.875% Notes due 2041 / 125509BQ1	120.52		91.10
5.375% Notes due 2042 / 125509BT5	317.28		295.86
3.875% Notes due 2047 / 125509BW8	1000		968.50
<i>Notes issued by Old Cigna which were not included in the Offer⁶</i>			

⁴ Amounts have been extracted from the news release in connection with the early results of the offer (dated October 10, 2019) and have been rounded to 2 decimal points: <https://www.cigna.com/newsroom/news-releases/2019/cigna-corporation-announces-early-results-of-exchange-offers-and-consent-solicitations-for-senior-notes>. On March 9, 2020, after New Cigna's latest SEC filings (i.e. their Form 10-K dated February 27, 2020), the Americas DC confirmed with New Cigna's Investors Relations that these figures remained up to date.

⁵ Amounts are as reported by Bloomberg as of November 14, 2019 and confirmed by New Cigna's Investor Relations on November 14, 2019 and have been rounded to 2 decimal points. On March 9, 2020, after New Cigna's latest SEC filings (i.e. their Form 10-K dated February 27, 2020), the Americas DC confirmed with New Cigna's Investors Relations that these figures remained up to date.

⁶ Amounts have been extracted from New Cigna's Form 10-K dated February 27, 2020 (<https://www.sec.gov/ix?doc=/Archives/edgar/data/1739940/000173994020000006/ci-20191231.htm>)

5.125% Notes due 2020 / 125509BMO	300	N/A
4.375% Notes due 2020 / 125509BN8	249	N/A
Total amounts	5149⁷	3855⁸

- (c) Old Cigna and New Cigna entered into a supplemental indenture on October 11, 2019 pursuant to which Old Cigna agreed to guarantee New Cigna's obligations as issuer under the New Cigna Notes (the **October 11 Guarantee**).⁹

2. APPROACH UNDER THE 2014 DEFINITIONS

Under the 2014 Definitions, the determination of a Successor focuses on the proportion of "Relevant Obligations" that an entity "succeeds" to on a given date.

The Americas DC identified November 6, 2019 as the relevant potential Succession Date for purposes of the 2014 Definitions.¹⁰

3. ANALYSIS UNDER THE 2014 DEFINITIONS

- (a) Under the 2014 Definitions, an entity "succeeds" to a Reference Entity and its Relevant Obligations when it "(i) assumes or becomes liable for such Relevant Obligations whether by operation of law or pursuant to any agreement [...] or (ii) issues Bonds or incurs Loans (the "Exchange Bonds or Loans") that are exchanged for Relevant Obligations, and in either case the Reference Entity is not thereafter a direct obligor or a provider of a Relevant Guarantee with respect to such Relevant Obligations or such Exchange Bonds or Loans, as applicable".¹¹ "Relevant Obligations" are defined to mean "the Obligations of the Reference Entity which fall within the Obligation Category "Bond or Loan" and which are outstanding immediately prior to the Succession Date".¹² The term "Obligation" may include "obligations of the Reference Entity (either directly or as provider of a Relevant Guarantee)".¹³
- (b) The Americas DC determined that the Old Cigna Notes constituted Relevant Obligations of Old Cigna as of November 6, 2019¹⁴ and that the principal amount outstanding of the Old Cigna Notes was the denominator of the Successor calculations under Section 2.2(a) of the 2014 Definitions.
- (c) The Americas DC determined that the Old Cigna Notes that were tendered and accepted in the Offer, and that were therefore exchanged for New Cigna Notes, constituted Relevant Obligations that were succeeded

⁷ This figure has been rounded to the nearest 1 decimal point. The figure before rounding is 5149.000.

⁸ This figure has been rounded to the nearest 1 decimal point. The figure before rounding is 3,855.021.

⁹ New Cigna, Form 10-K dated February 27, 2020 (<https://www.sec.gov/ix?doc=/Archives/edgar/data/1739940/000173994020000006/ci-20191231.htm>)

¹⁰ See Section 2.2(i) of the 2014 Definitions (describing the "Succession Date" as the "legally effective date of an event in which one or more entities succeed to some or all of the Relevant Obligations of the Reference Entity").

¹¹ Section 2.2(d) of the 2014 Definitions.

¹² Section 2.2(f) of the 2014 Definitions.

¹³ Section 3.1(a) of the 2014 Definitions. Note further that under the Credit Derivatives Physical Settlement Matrix for North American Corporate / Standard North American Corporate Transaction Types, a Relevant Guarantee must be a Qualifying Affiliate Guarantee (see Section 3.22 of the 2014 Definitions). A Qualifying Affiliate Guarantee means a Qualifying Guarantee provided by the Reference Entity in respect of an Underlying Obligation of a Downstream Affiliate of the Reference Entity (see Section 3.27 of the 2014 Definitions).

¹⁴ The Americas DC understands that interim settlements in respect of the Offer occurred during October 2019; however, for purposes of quantifying the value of the Relevant Obligations of Old Cigna, the Americas DC determined that the relevant figure was the amount of Old Cigna Notes outstanding immediately prior to the inception of the Offer period, consistent with the approach to quantifying Relevant Obligations in connection with a "Steps Plan". See Section 2.2(f) and Section 2.2(i) of the 2014 Definitions.

to by New Cigna, and this amount was therefore the numerator of the Successor calculations under Section 2.2(a) of the 2014 Definitions¹⁵.

- (d) For the reasons set out above, the relevant calculation to determine the percentage of the Relevant Obligations that had been succeeded to by New Cigna was as follows: $\text{USD } 3855\text{mm} / \text{USD } 5149\text{mm} = 74.9\%$ ¹⁶.
- (e) On account of the above calculation, the Americas DC determined that (i) New Cigna had succeeded to more than 25% of the Relevant Obligations of Old Cigna, (ii) more than 25% of the Relevant Obligations of Old Cigna remained with Old Cigna, and (iii) therefore Section 2.2(a)(iv) of the 2014 Definitions applied. As a result, each of Old Cigna and New Cigna were determined to be Successors, and the provisions of Section 2.2(n) of the 2014 Definitions¹⁷ applied to outstanding Credit Derivative Transactions that specified Old Cigna as the Reference Entity.

¹⁵ As New Cigna is the parent company of Old Cigna, the October 11 Guarantee is an upstream guarantee and therefore does not fall within the definition of a Qualifying Affiliate Guarantee (and therefore is not a Relevant Guarantee). See FN 10 above. As a result, the presence of the October 11 Guarantee does not impact the analysis of whether New Cigna has "succeeded" to certain Old Cigna Notes via the Offer.

¹⁶ This percentage has been rounded up to the nearest 1 decimal point. The percentage before rounding is 74.868907%.

¹⁷ These provisions require, among other things, division of the existing Credit Derivative Transaction into multiple new Credit Derivative Transactions (in this case, one for Old Cigna and one for New Cigna), with the Floating Rate Payer Calculation Amount (i.e., the notional) of the existing Credit Derivative Transaction distributed equally among such new Credit Derivative Transactions.