CIGNA CORPORATION

FIRST QUARTER 2014 INVESTOR TELECONFERENCE
THURSDAY, MAY 1, 2014

DAVID M. CORDANI – PRESIDENT AND
CHIEF EXECUTIVE OFFICER

THOMAS A. MCCARTHY – CHIEF FINANCIAL OFFICER

EDWIN J. DETRICK – VICE PRESIDENT,
INVESTOR RELATIONS

NOTE: Cigna has made editorial changes to this transcript.
As used herein, "Cigna" refers to Cigna Corporation and/or its consolidated subsidiaries.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

The press release dated May 1, 2014 and the related investor conference call, and oral statements made with respect to information contained in the release, contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on Cigna's current expectations and projections about future trends, events and uncertainties. These statements are not historical facts. Forward-looking statements may include, among others, statements concerning our projected adjusted income (loss) from operations outlook for 2014, on both a consolidated and segment basis; projected global medical customer growth (excluding limited benefits) over year end 2013; future financial or operating performance, including our ability to deliver improved health outcomes and productivity for our customers and clients and future growth, business strategy, strategic or operational initiatives; economic, regulatory or competitive environments, particularly with respect to the pace and extent of change in these areas; and financing or capital deployment plans, including whether and to what extent we may engage in share repurchases. You may identify forward-looking statements by the use of words such as "believe," "expect," "plan," "intend," "anticipate," "estimate," "predict," "potential," "may," "should," "will" or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Such risks and uncertainties include, but are not limited to: our ability to achieve our financial, strategic and operational plans or initiatives; our ability to predict and manage medical costs and price effectively and develop and maintain good relationships with physicians, hospitals and other health care providers; our ability to realize the expected benefits of strategic transactions and/or acquisitions; the substantial level of government regulation over our business and the potential effects of new laws or regulations, or changes in existing laws or regulations; the outcome of litigation, regulatory audits, investigations and actions and/or guaranty fund assessments; uncertainties surrounding participation in government-sponsored programs such as Medicare; and unfavorable industry, economic or political conditions, as well as more specific risks and uncertainties discussed in our most recent report on Form 10-K and subsequent reports on Forms 10-Q and 8-K available on the Investor Relations section of www.cigna.com. You should not place undue reliance on forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance or results, and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Cigna undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.

Ted Detrick, Vice President – Investor Relations:

Good morning everyone and thank you for joining today's call. I am Ted Detrick, Vice President of Investor Relations and joining me this morning are David Cordani, our President and Chief Executive Officer and Tom McCarthy, Cigna's Chief Financial Officer.

In our remarks today David and Tom will cover a number of topics including Cigna's first quarter 2014 financial results as well as an update on our financial outlook for full year 2014.

As noted in our earnings release, Cigna uses certain financial measures, which are not determined in accordance with accounting principles generally accepted in the United States, otherwise known as "GAAP", when describing our financial results.

Specifically we use the term labeled "adjusted income from operations" and earnings per share on the same basis as the principle measures of performance for Cigna and our business segments.

A reconciliation of these measures to the most directly comparable GAAP measure is contained in today's earnings release, which is posted in the investor relation section of cigna.com.

In our remarks today we will be making some forward-looking statements, including statements regarding our outlook for 2014 and future performance.

These statements are subject to risk and uncertainties that could cause actual results to differ materially from our current expectations. A description of the risk and uncertainties is contained in the cautionary note in today's earnings release and our most recently filed reports with the Securities and Exchange Commission.

Before turning the call over to David, I will cover a few items pertaining to our financial results and disclosures. First, beginning this quarter in our earnings release and quarterly financial supplement we have combined the results of the Run-off Reinsurance, Other Operations and Corporate segments into one reporting unit called Corporate and Other Operations.

This change to simplify our reporting was enabled by Cigna's exit of the Run-off Reinsurance business in 2013. We have revised our prior period results to conform to this current presentation and as a result of this reporting change there is no change to our historical results.

On a separate point, please note that when we discuss the number of covered lives for our global medical customers we will be doing so on a basis that excludes those individuals that were previously covered under Limited Benefits plans. As a reminder we exited the Limited Benefits business as of December 31, 2013 due to ACA regulation.

And lastly I would note that when we discuss our earnings outlook for 2014 it will be on the basis of adjusted income from operations and in addition our outlook for earnings per share for 2014 excludes the effects of any future capital deployment. And on that basis I will turn the call over to David.

David Cordani, President and Chief Executive Officer:

Thanks Ted, good morning everyone and thank you for joining today's call. I'll begin today with a review of our first quarter performance and highlights of our financial results and I'll offer our perspective on how we are anticipating and adapting to the ongoing evolution of the business environment.

Then I will discuss how we are developing personalized and localized solutions that improve quality and affordability through Cigna's collaborative care initiatives. These actions ultimately translate into differentiated value for our customers and clients and as a result greater value for our shareholders.

Next Tom will provide specifics on our performance and highlight our outlook for the year before we open the floor to your questions. After that I'll leave you with a few closing remarks. Let's get started with some highlights.

The first quarter of 2014 continues our track record of strong performance and begins a new year of delivering competitively attractive financial results. Our results this quarter once again reflect strong contributions from each of our businesses.

First quarter 2014 consolidated revenues increased to $8.5 billion. We reported adjusted income from operations for the first quarter of $501 million or $1.83 per share, which represents a per share increase of 6% over a very strong first quarter of 2013.

Turning to our segments – in Global Health Care, we continue to drive strong results across our targeted markets. Our focus on continued high quality clinical outcomes is driving favorable medical costs for our customers and clients with the vast majority of our clients directly benefiting from these results through our transparent funding arrangements.

These outcomes are helping us grow and deepen our relationships with more medical customers globally through a combination of retaining customers and continuing to add new ones.

In addition our first quarter results also underscore the good progress we have made on our remediation efforts to address the claims pressure in our U.S. Seniors business.

Our Global Supplemental Benefit business continues its strong performance as we capitalize on our differentiated marketing and distribution capabilities in our targeted geographies.

In our Group Disability and Life segment, our results reflect strong performance and business growth in the midst of an improving but still challenging economic environment.

Overall this quarter's results were once again driven by our focused strategy, effective execution, and differentiated capabilities that create value for Cigna's stakeholders. Our performance for the first quarter gives us confidence that we will achieve our increased 2014 outlook.

An essential element of Cigna's sustained ability to deliver strong results in this dynamic and rapidly changing environment has been our focused strategy of Going Deep, Going Global and Going Individual, which allows us to effectively target sub-segments of the market where we can create competitively superior value for our customers and clients based on our differentiated capabilities.

We do this around the world fueled by our global footprint, which is unique in our industry with operations in more than 30 countries and jurisdictions. As part of our Go Deep strategy we place a continued emphasis on localizing our initiatives and our global markets, harnessing analytics and the customer insights they generate to deliver products and services that are personally relevant and adaptable to the unique needs of our targeted customers and clients.

We do all of this in close consultation with clients and distribution partners and in collaboration with our healthcare delivery partners. Cigna's ability to work collaboratively to help to improve health outcomes and reduce costs is of critical importance, as many systems around the world remain challenged.

To highlight the magnitude of the opportunity in the U.S., recent studies, including those from the Institute of Medicine, have shown a majority of patients are not receiving evidenced-based clinical care and nearly one-third of all medical costs are spent on unnecessary services that do not improve health outcomes.

Research also indicates that positive health outcomes are stagnating while costs increase due to a singular focus on volume that puts tremendous pressure on the entire healthcare system.

At Cigna, our emphasis on collaboration and personalization of care has driven us to create a model that encourages the highest levels of quality and affordability through aligned incentives with our physician partners.

Our approach combines these aligned incentives with specific actionable information and care extenders including health coaches and case managers to provide individualized local support.

Given our proven success in collaborative arrangements with large physician groups in the first quarter we announced an expansion of our value based initiatives to better serve a large subset of our customers with high risk conditions and complex needs who seek care from small physician groups as well as hospital facilities.

We've also expanded our collaborative programs to include targeted specialist groups where our focus is on five specialties that comprise nearly 60% of all medical spending.

Examples include oncology as well as obstetrics, where our advanced Healthy Pregnancy, Healthy Babies program enables more full-term natural deliveries and helps mothers and babies stay healthy during pregnancy as well as following birth.

Our latest analysis shows that our most mature Cigna collaborative care arrangements have delivered quality performance and total medical costs that are superior to market averages.

For example we are encouraging use of urgent care facilities and offering extended office hours, which helps reduce unnecessary emergency room visits by up to 50%.

We have closed 21% more gaps in care thanks in part to our embedded care coordinators who help with prescription adherence and work to ensure continuity of care for our customers.

And one of our initiatives recently demonstrated a diabetic compliance rate, which was over 20% better than market average. Today the scale of our efforts is significant.

These programs encompass more than 1.3 million customers in 31 states with over 63,000 doctors including more than 24,000 primary care physicians and nearly 40,000 specialists.

Our commitment to affordable health outcomes for our customers and the ongoing innovation we continue to drive is one of the key ways Cigna continues to deliver differentiated value and ensure superior competitive positioning for the future.

As we look ahead we recognize we are operating in a dynamic global environment characterized by existing and emerging disruptions that create formidable business challenges as well as opportunities.

As we've discussed in the past, Medicare Advantage programs will face disruption. We believe our strong U.S. Seniors footprint and leading physician engagement capabilities position us for long-term success in this growing segment.

While global markets remain fluid, our focused strategy, differentiated capabilities and competitively differentiated global footprint position Cigna for sustained long-term growth.

For the full-year 2014 we are confident that each of our business segments will deliver continued growth. In addition our businesses are producing strong returns on capital, giving us the flexibility to create additional shareholder value through capital deployment opportunities.Taking these items into account we remain committed to our long-term average annual EPS growth target of 10 to 13%.

Now to briefly summarize my remarks before turning it over to Tom.

Cigna's strong financial performance during the first quarter marks another quarter of competitively attractive earnings and revenue growth and provides a strong start to 2014. Our strong balance sheet and high levels of free cash flow give us flexibility to deliver additional shareholder value.

In this disrupted environment Cigna is leading through change ensuring that our customers, clients and shareholders will benefit from the value of our differentiated capabilities and focused strategy execution. Within that environment we have demonstrated proven capabilities with our physician collaboratives to deliver outstanding clinical and affordability outcomes.

And now I'll turn the call over to Tom for a more detailed look at our results and outlook, Tom.

Tom McCarthy, Chief Financial Officer:

Thanks David, good morning everyone. In my remarks today I will review Cigna's first quarter 2014 results and discuss our outlook for the full year. We've had a very strong start to the year driven by continued effective execution of our strategy with significant contributions from each of our business segments.

Some key highlights from the quarter include consolidated revenues of $8.5 billion driven by continued growth in our targeted markets, consolidated earnings were $501 million, quarterly earnings per share were $1.83, representing growth of 6% over the first quarter of 2013, and strong free cash flow, as we returned $650 million to shareholders through share repurchase on a year-to-date basis.

Overall the strength of our first quarter performance provides us with solid momentum for the year.

Regarding the segments, I will first comment on our Global Health Care segment.

Global Health Care results were strong in both our Commercial and Seniors books of business. First quarter premiums and fees for Global Health Care grew 3% to $6.0 billion.

This reflects continued good growth in our Commercial business partially offset by the expected reimbursement reduction in our Seniors business and our exit from the Limited Benefits business.

We ended first quarter 2014 with 14.2 million global medical customers, growing by 90,000 customers.

First quarter earnings grew 3% to $439 million and were driven by revenue growth and specialty contributions as well as favorable medical costs across both our commercial employer and seniors businesses.

Turning now to medical costs, as David indicated, we continue to improve health outcomes for the benefit of our customers, driven by engagement with physicians and value based solutions for our customers and clients.

Our commercial medical cost trend continues to be among the lowest in the industry and, given that over 85% of our US commercial customers are in transparent ASO funding arrangements, our clients directly benefit from these favorable medical costs.

Regarding medical care ratios, in our U.S. Commercial guaranteed cost business, our first quarter 2014 medical care ratio, or MCR, was 76.1% on a reported basis or 78.0% excluding prior year reserve development.

Our guaranteed cost results reflected favorable medical costs within our employer business. Overall we are pleased with the results of our commercial risk businesses, which continue to reflect strong pricing, disciplined underwriting and continued effective medical management and physician engagement.

In our Seniors business, our first quarter MCR for Medicare Advantage was 82.7% on a reported basis or 84.1% excluding prior year reserve development. First quarter Medicare Advantage results were better than expected with good early progress on the network and medical management actions we discussed last quarter to improve medical costs for our Seniors business.

Across our Commercial and Seniors risk books of business, our first quarter earnings included favorable prior year reserve development of $30 million after tax compared to $48 million after tax in the first quarter of 2013.

Moving to operating expenses, for the first quarter 2014 the total Global Health Care operating expense ratio was 21.9%, which reflects the impact of the industry fee, which added 110 basis points to the expense ratio in the quarter, as well as efficiency gains and some favorable timing impacts. To recap we've had a strong start to 2014 in our Global Health Care business.

Now I will discuss the results of our Global Supplemental Benefits business, which continues to deliver attractive growth and profitability. Premiums and fee grew 13% quarter-over-quarter for Global Supplemental Benefits. First quarter earnings were $53 million, reflecting strong customer retention, business growth and effective operating expense management with some modest claim pressure in South Korea.

For Group Disability and Life, first quarter results were strong with premium and fee increases of 7% over first quarter 2013. First quarter earnings in our Group business increased to $67 million, driven by business growth as well as lower benefit and operating expense ratios.

Our Corporate and Other Operations results total to an after tax loss of $58 million for the first quarter of 2014.

Overall, as a result of the continued effective execution of our strategy, our first quarter results reflect strong revenue and earnings contributions from each of our business segments as well as continued significant free cash flow.

Turning to our investment portfolio – in the first quarter, we recognized net realized investment gains of $27 million after tax coupled with a strong net investment income result. We continue to be pleased with the quality and diversification of our investment portfolio.

Now I will discuss our outlook for 2014.

We expect to continue to deliver differentiated value for our customers and clients and strong financial performance for our shareholders in 2014.

We continue to expect consolidated revenues to grow in the range of 4% to 7% over 2013.

Our outlook for full-year 2014 consolidated adjusted income from operations is now in the range of approximately $1.93 to $2 billion or $7.05 to $7.35 per share. This represents an increase of 20 cents per share at the midpoint over our previous expectations.

Consistent with past practice, our outlook excludes any contribution from additional capital deployment and any additional prior year reserve development.

I will now discuss the components of our 2014 outlook starting with Global Health Care.

We now expect full-year Global Health Care earnings in the range of approximately $1.61 billion to $1.64 billion, an increase over our prior expectations.

This increased outlook for Global Health Care primarily reflects first quarter favorable prior year reserve development, strong execution in both our Commercial employer and Seniors businesses with some offsets from the current outlook for our U.S. Individual business and the spending pattern of operating expenses for the remainder of the year.

I'll now summarize some of the key assumptions reflected on our Global Health Care earnings outlook for 2014, starting with our customer base. Regarding global medical customers, we continue to expect 2014 customer growth of approximately 1% to 2%.

Turning to medical costs – our 2014 outlook continues to assume some increase in medical utilization versus current levels. For our total U.S. Commercial book of business, we continue to expect full-year medical cost trend to be in the range of 5% to 6%. This strong medical cost trend result delivers value for our customers and clients across our broad array of funding types.

Turning now to our medical care ratio outlook – we are pleased with the performance of our overall commercial guaranteed cost book of business, particularly the commercial employer component of our guaranteed cost book.

As a result, the MCR outlook for our employer book remains unchanged. We are however increasing our outlook for our Individual book of business MCR based on our early view of results.

Taken together the 2014 medical care ratio for our U.S. Commercial guaranteed cost book of business is now in the range of 81.0% to 82.5%. For context, while our U.S. Individual business is growing in 2014, it will approximate 3% of enterprise revenues. As a result, we continue to expect that the impact of this business will be manageable within our overall diversified portfolio.

For our Seniors Business, our Medicare Advantage MCR for 2014 continues to be in the range of 84% to 85%.

Regarding operating expenses for 2014, we continue to expect our total Global Health Care operating expense ratio to be in the range of 22.5% to 23.5%.

We expect the operating expense favorability that we saw in the first quarter to be offset over the balance of the year by increased spending on strategic investments and some expense timing impact. Overall, we expect full year 2014 Global Health Care earnings to be approximately $1.61 billion to $1.64 billion.

The other components of our outlook are unchanged. For our Global Supplemental Benefits business, we continue to expect strong top line growth and earnings in the range of $195 million to $215 million.

Regarding the Group Disability and Life business, we continue to expect full year 2014 earnings in the range of $305 million to $325 million.

Regarding our remaining operations, that is, Corporate and Other Operations, we continue to expect a loss of $175 million for 2014.

So all in for 2014, we have increased our outlook for consolidated adjusted income from operations to a range of approximately $1.93 to $2 billion, or $7.05 to $7.35 per share. This represents an increase of 20 cents per share at the midpoint, building on a strong 2013.

Now moving to our 2014 capital management position and outlook, overall we continue to have good financial flexibility. Our subsidiaries remain well capitalized and are generating significant free cash flow to the parent with a strong return on capital from our business segments.

Our capital deployment strategy and priorities have not changed. These priorities are: providing the capital to support the growth of our ongoing operations, pursuing M&A activity with the focus on acquiring capabilities and scale to further grow on our targeted areas of focus, and, after considering these first two items, we would return capital to shareholders primarily through share repurchase.

Regarding free cash flow, we ended the quarter with parent company cash of approximately $475 million. During the period February 7 through April 30, we repurchased 5.4 million shares of Cigna common stock for $425 million, bringing our total year-to-date share repurchase to 8 million shares for $650 million.

After considering all sources and uses of parent company cash, we now expect to have approximately $1.25 billion available for deployment during the balance of the year. This represents a $100 million increase compared to our previous capital outlook.

Overall, our financial position in capital outlook remains strong. The high returns on capital from our businesses coupled with our strong balance sheet means that we will continue to generate significant free cash flow to deploy for the benefit of shareholders.

Now to recap, our first quarter 2014 consolidated results reflect the strength of our diversified portfolio of global businesses and continued effective execution of our focused strategy.

The fundamentals in our businesses remain strong as evidenced by our first quarter results, which reflected attractive growth in revenue and earnings, favorable medical costs that directly benefited our customers and clients, and continued strong free cash flow.

Based on the strength of these results, we are confident in our ability to achieve our increased full year 2014 earnings outlook. With that we will turn it over to the Operator for the Q&A portion of the call.

Scott Fidel, Deutsche Bank.

Thanks, good morning. Relative to the improved HealthSpring results in the first quarter, can you talk about how that broke down between seeing less claim severity relative to the back half of the year versus what you're seeing in terms of general utilization trends in Medicare Advantage and then compare that relative to the actual company specific initiatives that you've put in place to help improve results.

I’m looking for how much was the broader environment as compared to the company specific initiatives that you've now been putting in place.

David Cordani, President and Chief Executive Officer:

Good morning Scott, it's David. I'll give you a little color there. First headline – we're pleased with the results and the progress that the first quarter demonstrated.

When we take a look at the results to highlight a few items: clearly the fourth quarter of last year matured favorably versus expectations. So that contributed to the reported results but it also contributed to a stronger jump off.

Secondly, we're seeing some positive impact in the first quarter relative to our own performance from the contributions of the benefit positioning we put in place for 2014.

Third, specifically we're seeing an impact of some of the targeted remediation efforts we embarked upon – whether it's the targeted re-contracting in key markets, some network optimization or some additional focused medical management activity.

So I would suggest that from our point of view we're pleased with the results and the results we're demonstrating here are primarily driven by our own actions.

Stepping back a little bit for more color, on a year-over-year basis, what we know is the flu season was less severe in the first quarter of 2014 than it was in the first quarter of 2013 so that's an industry event.

And finally from our point of view given the markets we operate in, as best we can understand, we saw de minimis impact from the weather on our overall operations.

Overall a little bit less utilization in the first quarter tied to the flu and the rest of it is broadly driven by some of our actions.

Scott Fidel, Deutsche Bank:

Okay got it, then just the follow-up question. Tom highlighted that you're increasing the MLR expectations for the Individual business.

If you could provide some more color on that - interested in how much of that is affected by what you're seeing on the exchange in expectations in terms of profitability there as compared to in the existing individual business and relative to some of the unexpected policy changes that developed over 2014.

Tom McCarthy, Chief Financial Officer:

Thanks, Scott, it's Tom. First before we get to the specific question – Individual – I do want to step back and remind you that we are still very happy with the overall fundamentals of our risk business.

They've been strong in the quarter and have been for some time, reflecting the disciplined pricing and underwriting and strong clinical management and physician engagement capabilities.

And we are not changing the MCR outlook for our employer business. All of the change in our guaranteed cost MCR does relate to Individual.

Our early claim experience for this business and a cautious view on recoveries from risk adjusters and risk corridors has caused us to increase our view of the Individual MCR for the full year.

That really is the driver – some caution on seeing the early claims experience and uncertainty about what the future looks like. I'd also point out to you that while Individual is a small portion of our overall business it represents a growing share of our Guaranteed Cost business, it's now about 25 to 30% of our total Guaranteed Cost business.

The uncertainty on the MCR outlook for Individual and its growing share of the overall Guaranteed Cost book is what has caused us to increase the GC MCR. I would also remind you that in the context of our overall company, Individual is still small, representing about 3% of our total revenues.

Scott Fidel, Deutsche Bank:

Okay, Tom, and just to clarify, the early experience where you're seeing some of these higher claims, that's on the new exchange lives that are coming in?

Tom McCarthy, Chief Financial Officer:

I'd say it's the new ACA lives, so both ACA compliant policies on exchange and off exchange.

Scott Fidel, Deutsche Bank:

Okay thank you.

Josh Raskin, Barclays:

Hi, thanks, good morning. Tom, could you quantify the favorable operating expenses? I think you mentioned they were impacted by timing. I just want to see exactly what that was and what the impact in the quarter was relative to expectations.

Tom McCarthy, Chief Financial Officer:

Yes, Josh, I don't think I want to get into the specific timing. We have a few things going on in expenses in the quarter. First we kind of have a ramp up over the year in strategic spend.

We are launching our dual project in Illinois. We've got the India launch in Global Supplemental Benefits. We also have the timing of some IT portfolio spend and some specific timing on a hiring ramp up that we might have over the course of the year.

If you look at the impact of the favorable results in the quarter, it's pretty evenly mixed between the medical costs, the expense savings and the continued strong revenue contributions from our businesses.

Josh Raskin, Barclays:

Okay so no quantification. Could you talk a little bit about private exchanges? Did you see anything in terms of net gains or losses in the first quarter 2014? Are any of your customers discussing the opportunities for private exchanges?

I know you guys have your own initiatives in-house. I'm just curious – were you net winners or losers on private exchanges and where do you think that goes this year?

David Cordani, President and Chief Executive Officer:

Josh, good morning, it's David. Let me give you a little color, first just to frame our view of the private exchanges and then I'll get right to the heart of your question.

As we've discussed in the past we view that the private exchange environment is still in the early phases of adoption and clearly may create a very attractive sustainable marketplace for time to come leveraging some retail purchasing environment and transparency.

A little color to think about – as you know, there are a lot of different private exchange models: retiree versus active, single carrier versus multi-carrier, highly localized versus broader rating areas, employer remaining involved versus employer not remaining involved and lastly pooled funding versus transparent funding.

To date our experience is around our participation in many of those models including our own proprietary exchange. To date our target clients have continued to reinforce a desire to stay engaged, have more personalization and localization and maintain more transparent funding arrangements.

The net of all of that through our experience has been de minimis – meaning puts and takes, wins and losses, relatively small volumes and a relatively small net movement within the portfolio.

Important to your question is around dialogue. There's a lot of dialogue because this is a new mechanism, so clients and prospects are wanting to learn more in terms of what are the value creators both in year one as well as the sustainability of the value creators.

And we're actively engaged in those conversations but I think the important headline is heretofore de minimis impact to our business in terms of the net puts and takes.

Josh Raskin, Barclays:

I should have been more specific. I was looking more on the active employee side. Are you doing better on retiree versus active? Is there a difference between those two populations?

David Cordani, President and Chief Executive Officer:

I appreciate the clarification, net, net, no. The aggregate puts and takes for our organization again whether I look at the retiree environment, whether I look at the active medical, whether I look at the specialty components, it's all netting to a very small number right now.

Having said that, we are active in engaging in multiple models and we're active in exploring additional value creators for the benefit of clients and customers but to date both active and retirees is relatively small.

Josh Raskin, Barclays:

Okay thanks.

Ralph Giacobbe, Credit Suisse:

Thanks, good morning. I just want to go back to the 100 basis point increase in Guaranteed Cost MLR guidance. That seems pretty large in the context of how small your Individual book is and if it is coming from exchange it would obviously suggest significantly higher costs there.

I'm hoping you can give us some more details on the risk of business that you brought on. Are the people that are signing up much sicker than you would have expected? Also - age cohorts if you have that detail or if it's your sense that the population that's on the exchange is worse off across the board relative to your existing book.

David Cordani, President and Chief Executive Officer

Ralph, it's David. Let me try to give you a little bit of color. When we think about the size as Tom referenced earlier, Guaranteed Cost represents a smaller portion of our overall portfolio.

As we look at Guaranteed Cost going into 2014 as you know we have the impact in terms of lives running off for the Limited Benefit business. The aggregate number of lives in Guaranteed Cost decreases offset by the growth in the Individual business. And as Tom referenced, while the Individual business is about 3% of our enterprise revenue, it's in the 25% range of the Guaranteed Cost environment.

Regarding the early experience, we see two waves of buyers – the early initial buyer group and then the latter surge that the press talked about.

What we know is that the early buyer group on average was older than our expectations and they bought a bit richer benefit plan than our expectations. Silver was the nucleus but it's a bit richer benefit plan.

Their medical utilization in the first month or so of experience was much higher than any of our book of business norms including some categories of severity.

What we also know is that in that second wave, or the latter surge of buyers, that population is younger than the initial population and more in line with our age expectations.

Two, they bought leaner benefits on average than the first group and a bit more in line with our expectations. What we don't know is what their utilization is because they just signed up very recently.

And as Tom pointed out, within our outlook we took into consideration our early experiences and projected that forward with some reasonability in terms of our overall outlook.

And the most important thing here is that it's manageable in the aggregate context of our overall organization.

Ralph Giacobbe, Credit Suisse:

Okay that's helpful. Regarding Hep-C costs in the quarter, can you give us some details regarding what it was last year, what are your projections for this year and then how you're attempting to control it?

David Cordani, President and Chief Executive Officer:

A little context and then specific to our experience. First I think it's important to recognize that specialty pharmaceutical costs have been and continue to be a major trend driver and cost driver.

As far as our internal processes, we project specific medical trend for specialty pharmacy taking into consideration what we know about existing drugs, utilization patterns and importantly what's in the emerging pipeline. And while Sovaldi was not specifically broken out as a trend item, our experience in the first quarter suggested our trend assumption for specialty pharmacy is in line with our overall aggregate experience including the Hep-C experience. Lastly, it is very important to note, from our point of view, to achieve the right triple aim outcome of clinical quality service, quality and affordability, you have to be able to manage the medical experience, the pharmacy experience and the specialty pharmacy experience so the overall whole person can be managed with the right physician engagement.

Specific to our financial results, when you think about the Guaranteed Cost and the Medicare population to the nearest $10 million or so in the first quarter – it's about $10 million for us – the rate of growth was accelerating throughout the quarter and we've taken that into consideration in our full year outlook that Tom made reference to. It is considered in our medical trend outlook which has not changed at this point in time.

Ralph Giacobbe, Credit Suisse:

Okay that's helpful. On the ASO side what can you do to control it at that point from that side of the business as opposed to an issue for you specifically?

David Cordani, President and Chief Executive Officer:

It is important to note that in terms of our clinical programs and clinical engagement within our company in general we don't differentiate the way we actively engage physicians for an ASO customer versus an experience rated version of the guaranteed cost customer. The clinical guidelines and clinical efficacy guidelines are set so the same level of active management with these physicians around that patient population understanding medication compliance, alternative treatment categories and active management take place. The acceleration of costs specific to that drug are overall, especially within pharmaceutical trend, is generally speaking, in line with our expectations and our overall medical trend, as Tom made reference to, and remains in line with our expectations. So the same active management takes place regardless of whether or not it's an ASO client, a shared risk client or a guaranteed cost client.

Ralph Giacobbe, Credit Suisse:

Okay. Thank you.

Justin Lake, J.P. Morgan Chase:

Thanks. Good morning. First, a follow-up on the Medicare Advantage book. Looking ahead to 2015 bids in June can you tell us if you expect to try to bid back to mid-single digit margin target that you've typically discussed from the current low single digit you're expecting for 2014?

David Cordani, President and Chief Executive Officer:

Good morning Justin. It's David. It’s not helpful to publicly discuss our bid strategy and margin objectives. But I can give you a little bit more color. First, the improvement we're experiencing in the first quarter of medical cost performance as well as the favorable maturation of the fourth quarter is obviously directionally helpful in our journey. Secondly, as you referenced our long-term margin objectives are not the margin performance that we are experiencing in 2014. That's clear. So as we set our expectations you should expect us, on a market by market basis, to ensure that we are positioning a benefit program that is differentiated and attractive while balancing a fair return. We would like to see a step forward in terms of our performance as we go into 2015 and then 2016 and beyond. Directionally yes, but as for specifics we're not going to comment in terms of what our margin objectives are for 2015 at this point.

Justin Lake, J.P. Morgan Chase:

Great. That's helpful. A couple more follow ups on this individual segment. First, it sounds like you are taking a cautious look at the three R’s and specifically Tom talked to the risk corridors. Given the government discussion of budget neutrality here can you tell us whether you feel comfortable booking a receivable in places where you are into the risk corridor because you have negative margins?

David Cordani, President and Chief Executive Officer:

Justin, we are taking a cautious view of the three Rs. That is a specific accounting question. We'll get to that someday but right now we haven't incorporated any impact for risk adjusters or risk corridors and given the uncertainty and the dynamics we're not really expecting any significant impacts for the year. So I don't think that's going to be a key issue.

Justin Lake, J.P. Morgan Chase:

And so what kind of margins are you expecting in Individual?

David Cordani, President and Chief Executive Officer:

Justin is your question regarding 2014 or over the long-term?

Justin Lake, J.P. Morgan Chase:

2014 – what are you now embedding in guidance for the Individual book?

David Cordani, President and Chief Executive Officer:

We didn't break out the margin specifically, but can give you a little bit more color. As you recall from our strategic positioning, we said we would take a very focused position. We've positioned ourselves in five states in a limited number of markets in those states. We suggested very consistently that we did not expect that this would be a profit driver or a positive profit contributor before the year started. That's where we stand today even acknowledging the bit of margin pressure that Tom made reference to. And we think it's appropriate at this point in time to take a cautious view of the component of the three R's which may present some softening opportunity on a go forward basis but our current first quarter performance does not contemplate that.

The important part is how we position ourselves for 2015 as we go forward. As we sit here today our bias is to extend into a few additional markets. We know which markets those are. We haven't made the final calls there but we have a high level of engagement with physician and hospital partners who would like that expansion and we're making that assessment. So clearly taking into consideration our current experience we still have a bias to extend but we haven't declared that at this point in time.

Justin Lake, J.P. Morgan Chase:

David, just one clarification. Are you expecting to lose money in the individual market for 2014?

David Cordani, President and Chief Executive Officer:

That is correct and that is consistent with our expectations before the year started.

Justin Lake, J.P. Morgan Chase:

Okay great. Thanks for all the color.

Kevin Fischbeck, Bank of America Merrill Lynch.

Thanks. I wanted to understand the guidance a little bit more. It seems like the raise in the guidance on the Commercial side is less than the prior year development that you saw in the quarter and if you add in share purchases and the prior year development, the guidance raise looks to be entirely related to value than there was additional outperformance in the quarter. And maybe Individual is a little bit worse but just trying to understand what the delta is more specifically.

Tom McCarthy, Chief Financial Officer:

It's Tom. Stepping back, there were a lot of positives in the first quarter and we do expect they will continue to provide positive momentum for the year. We have continued strong execution of our strategy. We have good growth in our targeted markets. We have strong medical cost management leading to lower than expected medical costs in both the Commercial and Seniors businesses and disciplined expense management resulting in favorable operating expenses, so all good things.

That said, it is early in the year and while we're pleased with the positive results for medical costs in the quarter we're really not ready to project that that will continue favorable for the full year. Our outlook does, as we've talked about, include some caution regarding Individual results as the early stages of that market are unfolding and as we've also referenced that we have some timing impact offsets in the first quarter operating expense favorability, including a ramp up in strategic spending over the course of the year. So on balance that's led us to the outlook we've offered and overall we're really pleased with the start for the year and confident in that full year outlook.

Kevin Fischbeck, Bank of America Merrill Lynch:

David mentioned that the favorable development in the Medicare Advantage book which gave you a better starting point than maybe you thought entering the year. Can you discuss what you now know about the fourth quarter, talk about what the issue was and how much of a variance it was versus your expectations as you enter 2014?

David Cordani, President and Chief Executive Officer:

Sure. It's David. A little bit more color there. What we did see is as we play back the tape in the latter part of the third quarter, we saw some elevation in cost. We saw that play through in the early portion of the fourth quarter and we represented that as we went through the year end activity. The good news is that as the latter part of Q4's claim experience matured it matured more favorably than that spike that transpired in the latter part of Q3 and the early part of Q4.

Secondly, that abatement continued into the first quarter of 2014 and finally some of the very targeted actions that we began to execute whether they were re-contracting network optimization also started to make contributions in the first quarter. All positives and as Tom said at this point we're not ready to declare a full projection on a go forward basis. We're really pleased with the jump off. We're really pleased with the favorable development of the fourth quarter and we're very pleased with the net performance in the first quarter.

Kevin Fischbeck, Bank of America Merrill Lynch:

Okay great. Thanks.

A.J. Rice, UBS.

Hi everybody. Any update with respect to the PBM and the integration with Catamaran? Any update on that and where you are at relevant to the getting ready for the selling season this year and what are your expectations for the PBM selling season?

David Cordani, President and Chief Executive Officer:

Good morning A.J. It's David. Just a moment of backdrop and then specific to your question. Our PBM is a well-positioned, strong performing asset. We've been able to demonstrate that our approach to the market around integration of medical and pharmacy delivers a very positive clinical outcome, service outcome and affordability. The actions we embarked upon to further strengthen our cost of goods sold, secure and innovative technology platform, and accelerate our innovation cycle because of that are going to be net add to that. The headline is we are performing very positively to our expectations.

Secondly, we are seeing good marketplace receptivity from clients in the overall marketplace relative to both our current value proposition as well as our enhanced value proposition. You'll note that we had some slight growth in our pharmacy business in terms of net covered lives again which we're pleased with but we're optimistic that that momentum obviously continues on a go forward basis and we're on track with our expectations.

A.J. Rice, UBS:

Okay. And I'm going to just come back to the Sovaldi question in a different way. With your ASO membership obviously they're holding that cost themselves. You're working with them to try to mitigate that at a time when people are out there telling them to join the private exchanges and go back to fully insured coverage. Give us a flavor for whether this is creating confusion among that self-insured base at this point. Is it creating any kind of disruption that might further that push to private exchanges from your perspective?

David Cordani, President and Chief Executive Officer:

A.J., it's David. So taking the intent of your question relative to Sovaldi as a cost driver that is putting pressure on affordability, I think you hit a really important macro theme here which is there is a fundamental affordability challenge societally whether the client, an employer, individuals or governmental entities are financing it.

What we see is that clients are more open and active than ever to explore solutions that can demonstrate really significant value in terms of improving clinical quality and more sustainability of cost. To date as we've demonstrated we've been quite successful in terms of being consultative working with the right benefit design incentive and engagement capabilities in place, wellness programs, specialty programs, network design with our collaboratives and then offer a variety of funding alternatives.

You should envision, A.J., that in many cases our consultative selling –sales force offers more than one way to finance a benefit program and consults with our clients to be able to make that choice. We think more of that consultation will take place in the future versus less and employers will continue to choose what works both for them.

I don't think Sovaldi or Hep-C as an example is a binary trigger to make a client do something very different with their benefit programs. It raises awareness that doing the same thing over and over if you're not getting a positive result is probably not going to yield a positive result next year. And we're pleased with the fact that our clinical quality is strong.

We've delivered another year of outstanding medical cost performance relative to any industry benchmark and that comes from being consultative, engaging the client, working differently with our individual customers and working differently with the physicians and we think more of that will come in the future.

A.J. Rice, UBS:

Okay great. Thanks a lot.

Carl McDonald, Citi:

First question is on the Guaranteed Cost business. If I look at the enrollment and back out the Individual growth it looks like the group Guaranteed Cost enrollment was down about 10% sequentially in the first quarter. Can you walk through what you're seeing there if that's aggressive pricing, if that's ASO conversions, or any other factor?

David Cordani, President and Chief Executive Officer:

Carl good morning. It's David. As I referenced previously, when you look at the year over year enrollment of the Guaranteed Cost block historically has been a smaller portion of our overall portfolio businesses, 8% to 10% of our covered lives.

As we step into 2014 we're rolling off the Limited Benefit business which was a guaranteed cost portion of the pool. We have a well performing employer book as Tom made reference to and then we have a growing individual block of business. Overall, in the marketplace we continue to see a high level of receptivity for some of the more transparent funding alternatives within the employer space: ASO, ASO with stop loss, shared returns.

And then finally, importantly in the segment that has historically valued both Guaranteed Cost and otherwise, what we call the Select segment, employers between 51 and 250 employees, we regularly offer Guaranteed Cost side by side with ASO stop loss and we continue to be successful there with both programs.

However, a bit greater than 50% of the new business sales there and ramping up beyond that are ASO stop loss. So the market trends toward more transparency. Additionally, a change in our book of business with the run off of the Limited Benefit business replaced with growth of the Individual block of business. We have been somewhat stable in terms of aggregate lives in the well performing group insurance block of business that we have in our portfolio today.

Tom McCarthy, Chief Financial Officer:

And the dynamics that have been impacting our Guaranteed Cost business are, as David has suggested, the dynamics of which programs customers are choosing. Keep in mind we don't have really any play in the small group market segment which seems to be where the commentary around intense price competition has been coming up. On the segments we're playing in, the pricing environment continues to be pretty rational.

Carl McDonald, Citi:

All right so my down 10% figure adjusted for the Limited Benefits business run off, taken from your comments that you're saying most of it is conversions to ASO then?

David Cordani, President and Chief Executive Officer:

That's in the ballpark. Conversions is a tricky word. This is a segment that in the lower end of this segment has a lot of turnover. So I'm not sure whether it's all conversions from risk to ASO in that segment. It's more as the new customers are coming in they tend to be buying ASO programs more than they have in the past.

Carl McDonald, Citi:

Okay and then the other question was if I take out the Guaranteed Cost and the Medicare component it looks like the loss ratio on all the other products, Experience Rated, Stop Loss, et cetera, was about 500 basis points better sequentially. The fourth quarter loss ratio was inflated versus what you've been historically but is the first quarter loss ratio in the other segments a sustainable number of the rest of the year?

David Cordani, President and Chief Executive Officer:

Yes, again, Carl, as we talked about last quarter, there are a lot of things in that residual component of loss ratio calculation but I would highlight, as we said last quarter, that the results in the fourth quarter of 2013 were somewhat of an anomaly and that all the business reported on in that group of products have been performing pretty well for us.

So I'd say the performance we've seen in the quarter we'd expect to be consistent. Whether that ratio moves around as mix of business changes it's a little hard to know how that would play out over the course of the year. But we were happy with and continue to see good performance in those other product lines.

Carl McDonald, Citi:

Great. Thank you.

Andy Schenker, Morgan Stanley:

Hi. Good morning. Your India joint venture officially began selling products in the country recently. How is that relationship developing? How should we think about the long-term earnings contribution from the international markets like India, Turkey, et cetera? Do you continue to evaluate new market entries or are you still focused on increasing footprint and penetration in your existing markets?

David Cordani, President and Chief Executive Officer:

Andy, it's David. Relative to the global marketplace, think about two major marketplaces we compete in and then I'll address India, Turkey and the like. One is the global employer marketplace for expats of corporations, IGOs, NGOs - businesses we currently serve that are truly global. We have customers, individuals we service, across the globe. That business continues to grow very attractively. We have the largest delivery network in the world in terms of supporting those individuals on behalf of our clients and we'll continue to grow that.

Secondly, within that business, increasingly we're hearing from some clients within key geographies where they have critical mass, a desire for some health improvement and productivity improvement programs. Think about the employer businesses global across all geographies.

The business that you're referencing is our direct to individual Global Supplemental Benefit business. Two markets that we sought to enter strategically were the ones you referenced: Turkey and India. In Turkey, we are successfully selling and have been successfully selling now for some time. We're pleased with the direction of the trajectory there.

India is very exciting. We completed all of the regulatory reviews and approvals and in the first quarter we actually began selling products and services there. We view India as a very attractive long-term growth opportunity both for the individual business as well as clinical services. For example, India has the highest percentage of diabetics in the world and it is a major burden for the social mandate. And we're viewed as being part of the solution within that.

Finally, as it relates to additional geographies, there are some additional geographies that are attractive to us but most importantly within our portfolio today our existing markets plus India and Turkey present a very nice growth profile and we will systematically identify new markets that are attractive to enter as we go forward over the next few years.

Andy Schenker, Morgan Stanley:

Great. Thanks. And then just a thought on something else here I had to clarify. What are you now expecting for exchange enrollment including the March and April surge we saw and how does that compare to your expectations? Are you now expecting exchange enrollment to become above your initial expectation?

Tom McCarthy, Chief Financial Officer:

Andy, it's Tom. I'll give you some context on the overall individual block. By the end of 2014 we'd expect to have about 290,000 customers in the Individual segment. About 40% of those customers will be on ACA policies and about 60% will be on the Legacy non-ACA policies, so a combination of early renewals or keep your plan states. And of the ACA policies we'd expect about 60% to be on the exchange and 40% to be off the exchange.

Andy Schenker, Morgan Stanley:

And how does that compare to your kind of original expectations heading into the year?

Tom McCarthy, Chief Financial Officer:

A little bit higher.

Andy Schenker, Morgan Stanley:

Okay. Thanks.

Peter Costa, Wells Fargo Securities.

Good morning. Looking at the reinsurance recoverable balance, it was up from $150 million both sequentially and year over year to $250 million so that really helped out your performance a little bit. Can you talk about why that improved, why you have so much more in reinsurance recoverables? I know you said you didn't book anything for risk adjusters or risk corridors so I'm kind of curious what drove that.

Tom McCarthy, Chief Financial Officer:

That reinsurance recoverable number is a function of some of the business we've ceded off and you might recall the Runoff Reinsurance business has some market value sensitivity to the reported financial statements. So that really is largely just readjusting the ceded amounts based on market performance. There's really nothing going on there. The impact of the three Rs on that is non-existent at this point.

Peter Costa, Wells Fargo Securities:

Okay and it's what was tied to the medical claims payable. So you still leave in the Run-off Reinsurance and it impacted that? I just remember the claims payable line stated $1.9 billion.

Tom McCarthy, Chief Financial Officer:

Sorry I thought you were asking specifically about reinsurance. Within medical claims payable, that's just regular operating activity. Medical reserves are up at the end of the quarter, no surprises in that result.

Peter Costa, Wells Fargo Securities:

Actually they were both at $1.9 billion.

Tom McCarthy, Chief Financial Officer:

Yes, if you take that figure to another digit it would actually be up – it's actually up almost $100 million. So that means it was like $1.85 billion going to $1.95 billion or so. If you look at today's claims payable they're up. If you had the specifics of the dollar balance are up. There's no issues here and we still feel very comfortable with our reserve position in all of our businesses.

Peter Costa, Wells Fargo Securities:

Okay. And then can you talk a little bit about the 2015 selling season and what you think will be different for 2015 relative to 2014 in terms of the number of clients available or the number of business moving and what clients are looking for at this point?

David Cordani, President and Chief Executive Officer:

Peter, it's David. It's early in the cycle so I'll give you some directional comments. Related to the 2015 selling season by way of purchasing dynamics, we continue to see those clients that we both serve today as well as prospects very aggressively addressing incentive and engagement-based program designs. That could be a coinsurance program with an incentive pool attached to it. It could be a consumer directed program but a whole variety of way to use incentive and engagement based tools.

Secondly much more active utilization within consideration around health coaching and advocacy - health advocacy services including an increasing appetite for onsite health coaches which is something we do very well. And then the third major theme is in terms of increase in specialty carve-out demand. So some of the themes that it pushed specialty carve outs we see some direction in terms of more integration.

As it relates to volume, early indicators relative to the National Account pipeline let me just define that because we define it differently. So it would be commercial employers with 5,000 or more employees that are multi-state. Early indications for that pipeline are no major macro change in pattern there. The decision making cycle is a little longer because of the complexity of some of the benefit attributes I just talked about today and we would expect to have a net market competitive positive performance as our strategic direction going into 2015.

Peter Costa, Wells Fargo Securities:

And what about on the Smaller Group and Select size? Do you see them looking more at public options and things like that or exchange options?

David Cordani, President and Chief Executive Officer:

Yes it's quite early to talk about 2015 for these groups. Remember we don't play in under 50, Small group segment. In the Select segment which is 51 to 250 employees, we're in the heart of the 2014 selling season every day and will be through the second quarter and the third quarter. As it relates to the makeup of our book of business we have a high percentage of clients who value what I referenced before. They are actively engaged using incentives. We have examples of 75, 100, 125 life employers that are using onsite biometrics, health engagement, et cetera. We don't see them having a lot of demand for public exchange and it's important to note we're in the heart of the 2014 selling season within that portfolio as we sit here today.

Peter Costa, Wells Fargo Securities:

Thank you very much.

Ana Gupte, Leerink:

Yes hi. Thanks. Good morning. Just to follow up on some of the questions on your Commercial book of business. It looks like the big growth right now is happening in Select where you've grown almost 15% on membership. Stop loss is growing 20%. I'm assuming there's a lot of correlation between that.

Finally in Individual where you were talking about this year at least having some headwinds to profitability. The rest of it looks flattish which is actually better than maybe some of the competitors are reporting in some cases.

So as you look at that book and the growth rate how do you think about de-risking it and do you expect to keep that level of growth within those markets, specifically retention and growth in the Select segment? And then how would you grow your Individual book by making it not profitable?

David Cordani, President and Chief Executive Officer:

Ana, good morning. It's David. I think overall you paint a picture of the various segments. Our Select segment, which is again employers with 51 to 250 employees, has been and continues to be a very attractive growth segment for us. Within that segment, we sell Guaranteed Cost and we sell ASO with stop loss typically in a highly bundled fashion with our specialty products and services.

We're somewhat agnostic in terms of providing the choices for clients and giving them the financing options that work best for them. We're very excited about our growth in that segment which comes from an environment where our team is consultative and working to design benefits that are positioned for those specific employers.

Historically this segment has not had a lot of choice. This segment has had pre-packaged guaranteed cost alternatives only and is tired of confronting an environment of unsustainable medical cost trends. So we see this as a continued growth segment for us and it's one we're quite excited about and we're comfortable with the risk profile here.

As it relates to the next segment that you inferred about but didn't speak specifically about, the Regional segment, which we define as a large segment of our book, so 251 to 5,000 employees as well as large single state employees. That business has grown competitively and attractively year on year and we expect it throughout the residual portion of the year we will demonstrate some growth there.

Finally, to your point, in the Individual segment we have a little higher growth than we expected. It is not profitable. We did not expect for it to be profitable in the first year. Very important, we did not plan for it to be profitable and we viewed that that was manageable within our portfolio and we expect to on a very pinpointed basis channel the market learnings and the evolution of the market as we position that portfolio for 2015.

So net net for the enterprise as a whole we actually like our positioning coming out of the first quarter of this year with good growth, good revenue performance, good specialty penetration, strong medical cost performance that positions us for this year and then stepping into 2015.

Ana Gupte, Leerink:

Got it. So what you're saying is that your competitive strength continues and the likelihood of any shifts to public exchanges, particularly in the lower end of the market, is fairly low at this point?

David Cordani, President and Chief Executive Officer:

Yes and Ana I would just pinpoint two comments: one, knowing that we don't play in the under 50 market and two we target clients on a very specific basis. I'm not speaking for the entire client universe between 50 and 250. I'm speaking toward our core markets and for the clients we're targeting, we continue to see high receptivity for the active engagement programs as evidenced by our growth, our strong net retention, and by our market leading medical cost trend. And within that so long as we continue to deliver value we see good opportunities in the future.

Ana Gupte, Leerink:

On the International business, which is the other growth segment and I think we talked about Turkey and India but just from the core book it looks like the U.S. book, Korea and the China JV are growing. Overall you had good revenue growth. You saw some margin compression and I think you made some commentary about claims cost in Korea picking up and some retention initiatives and so on. And you had alluded to some pressure in the fourth quarter of 2013. Is this a structural margin compression story or is there any pricing or other action you can take to get the margins back up? And will the normalized growth rate of 7% to 17% that you guided to potentially go to the upper end or even higher in 2015 and beyond?

Tom McCarthy, Chief Financial Officer:

Ana it's Tom. We continue to get good results from our Global Supplemental Benefits business. We had great revenue growth in the quarter, very consistent with our expectations and the earnings in the quarter were actually also consistent with our expectations. We have a little bit of a tough quarter over quarter comparison given the strong results we reported in first quarter 2013 but this business is performing as we expected.

We're continuing to make investments to expand the business. We already talked about India. We've got some investments in new distribution sources. You pointed out Korea. Our Korean operations continue to perform pretty well. We did have that higher seasonal claim pattern that we reported at the end of 2013 that did continue into early 2014 but now it's back to normal levels at the end of March. So I think overall we're pretty happy with the positioning for this segment and comfortable that it's going to be a good segment for us with fast growth.

Chris Rigg, Susquehanna Financial Group:

Good morning. Thanks for squeezing me in here. David you had talked about sort of two waves of sign-ups with regard to the ACA compliant plans. Can you give us sort of a sense of the pace of the signups, when you finished up with wave one and then moved into the wave two? Just might help put some context around the change in the MCR outlook. Thanks.

David Cordani, President and Chief Executive Officer:

Sure Chris. As I think about the wave one of business that came on, known and is being serviced in the first part the quarter. So came through in the entire fourth quarter of last year but the wave that we had - we were servicing in the month of January. Then think about a pretty meaningful lull in terms of new sign-ups.

Then, lives are coming on with a significant surge coming in the March and latter part of March timeframe whereby we know the profile of those individuals as I referenced younger than the original group. We know the benefits they purchased by metal category were leaner. We know some kind of risk characteristics of that group better than the first group. What we don't know is their utilization pattern in the first quarter results we're talking about here but we would point toward a better risk profile than the first group.

Think about bucket one, on board, being serviced throughout the full quarter followed by small additional growth throughout the quarter and then a big surge toward the latter part of the quarter and going into the April timeframe.

Chris Rigg, Susquehanna Financial Group:

Okay. Thanks a lot. That's all I have.

David Cordani, President and Chief Executive Officer:

Thanks. To conclude I'd like to emphasize a few key points from our discussion this morning. First quarter results were strong and with meaningful contributions from each of our business segments. Our results are driven by the continued effective execution of our focused strategy which reflects the commitment and dedication of our more than 35,000 colleagues working around the world.

By aligning our capabilities with the goals of our customers and clients we are improving the health, well being, and sense of security of the people we serve around the globe.

We're confident in achieving our increased outlook for the full year of 2014 and we remain committed to achieving our long-term average EPS growth of 10% to 13%. Thank you for joining us this morning and for your continued interest in Cigna and we look forward to continuing our discussions in the future.