

**STATE OF CONNECTICUT  
INSURANCE DEPARTMENT**

In the Matter of:

PROPOSED ACQUISITION OF CONTROL OF

AETNA LIFE INSURANCE COMPANY,  
AETNA INSURANCE COMPANY OF CONNECTICUT,  
AETNA HEALTH AND LIFE INSURANCE COMPANY,  
AETNA HEALTH INC. (A CONNECTICUT CORPORATION)  
AND AETNA BETTER HEALTH INC.  
(A CONNECTICUT CORPORATION), SUBSIDIARIES OF  
AETNA INC.

DOCKET # EX 18-03

By

CVS HEALTH CORPORATION

**AFFIDAVIT OF PAUL WINGLE ON BEHALF OF  
AETNA HEALTH LIFE INSURANCE COMPANY, AETNA INSURANCE COMPANY  
OF CONNECTICUT, AETNA HEALTH AND LIFE INSURANCE COMPANY, AETNA  
HEALTH INC. (A CONNECTICUT CORPORATION) AND AETNA BETTER HEALTH  
INC. (A CONNECTICUT CORPORATION)**

I, Paul Wingle, hereby declare under penalty of perjury as follows:

1. I am an officer of Aetna Inc. ("Aetna"), a publicly-traded Pennsylvania holding company for various insurance companies, health maintenance and dental maintenance organizations, and related organizations, holding the title of Vice President.

2. Prior to joining Aetna, I held executive positions at Deloitte Consulting, Massachusetts Health Connector, and the Massachusetts Hospital Association.

3. I joined Aetna in 2012 as Executive Director of Individual Business and Public Exchange Operations and Strategy. In 2016 I became Vice President of Operations, Product & Technology, where I exercise authority for all aspects of Aetna's non-group business strategy and operations, including member and provider services, sales, claims, product design and

certification, compliance, enrollment, billing and reconciliation, and IT investments. I also ensure effective implementation of regulatory requirements for the individual business.

4. Aetna Life Insurance Company (“ALIC”), Aetna Insurance Company of Connecticut (“AIC-CT”), Aetna Health and Life Insurance Company (“AHLIC”), Aetna Health Inc. (a Connecticut corporation) (“AHI-CT”) and Aetna Better Health Inc. (a Connecticut corporation) (“ABH-CT”) (collectively, the “Domestic Insurers”) are companies domiciled in the State of Connecticut and are each indirect, wholly-owned subsidiaries of, and controlled by, Aetna. ALIC and AHLIC are both life insurance companies. AIC-CT is a fraternal insurance company. AHI-CT and ABH-CT are both health maintenance organizations (“HMOs”).

5. I present this Affidavit on behalf of Aetna and the Domestic Insurers to show the evidence supporting the approval of the above-entitled action in compliance with Conn. Gen. Stat. § 38a-132 and in support of the Form A Statement, as amended and restated on August 13, 2018 and September 27, 2018 (“Form A Statement”) that was submitted to the State of Connecticut Insurance Department (the “Department”) on January 17, 2018. As explained in the Form A Statement, CVS Health Corporation (“CVS Health”) proposes to acquire indirect control of the Domestic Insurers in connection with CVS Health’s acquisition of Aetna (the “Transaction”).

6. I am authorized to give this Affidavit by the powers vested in me under my duties on behalf of Aetna.

#### **DESCRIPTION OF AETNA AND THE DOMESTIC INSURERS**

7. Aetna is a publicly-owned Pennsylvania holding company whose stock is traded on the New York Stock Exchange. Aetna is one of the nation’s leading medical benefits companies, serving an estimated 46 million people with information and resources to help them make better informed decisions about their health care.

8. Aetna offers a broad range of traditional, voluntary, and consumer-directed health insurance products and related services, including medical, dental, behavioral health, and disability plans. Aetna's customers include employer groups, individuals, health care providers, and federal, state, and local governments.

9. In forming networks for its medical benefits offerings, Aetna works closely with many of the country's hospital systems and physician groups. It has formed close collaborations with hospital systems and physician groups to improve patient care.

10. Aetna's operations are conducted in three business segments: Health Care, Group Insurance, and Large Case Pensions. Detailed descriptions of each of Aetna's business segments and the nature of Aetna's business are set forth in Item 1 of Aetna's Annual Report on Form 10-K for the year ended December 31, 2017, a copy of which was separately provided to the Department as Exhibit 5-D of the Amended and Restated Form A.

11. ALIC is licensed by the Department as a life insurance company and is an indirect, wholly-owned subsidiary of Aetna.

12. ALIC is a Connecticut domiciled life insurance company incorporated on June 14, 1853. As of the year ended December 31, 2017, ALIC provided coverage to approximately 676,876 members residing in Connecticut.

13. AIC-CT is licensed by the Department as a fraternal insurance company and is an indirect, wholly-owned subsidiary of Aetna.

14. AIC-CT is a Connecticut domiciled fraternal insurance company incorporated on January 3, 1990. As of the year ended December 31, 2017, AIC-CT has no members in Connecticut or active business in any other state. No new policies are being insured, and all business (assumed group auto) is in run-off.

15. AHLIC is licensed by the Department as a life insurance company and is an indirect, wholly-owned subsidiary of Aetna.

16. AHLIC is a Connecticut domiciled life insurance company incorporated on August 19, 1971. As of the year ended December 31, 2017, AHLIC has provided coverage to approximately 149 members residing in Connecticut.

17. AHI-CT is licensed by the Department as an HMO and is an indirect, wholly owned subsidiary of Aetna.

18. AHI-CT is a Connecticut domiciled HMO incorporated on January 5, 1987. As of the year ended December 31, 2017, AHI-CT has provided coverage to approximately 25,903 members residing in Connecticut.

19. ABH-CT is licensed by the Department as an HMO and is an indirect, wholly owned subsidiary of Aetna.

20. ABH-CT is a Connecticut domiciled HMO incorporated on June 25, 2008. As of the year ended December 31, 2017, ABH-CT has no members in Connecticut. It insured Medicaid and the Children's Health Insurance Program membership through its contract with the State of Connecticut Department of Social Services, which expired on December 31, 2011 and has not been renewed.

**REQUIREMENTS OF CONN. GEN. STAT. § 38a-132**

21. On January 17, 2018, CVS Health delivered a copy of the Form A Statement to Aetna and Domestic Insurers.

22. CVS Health was provided with more than 20 days' notice of the public hearing to be held in this matter, which is set for October 4, 2018. CVS Health provided Aetna and the Domestic Insurers with more than 7 days' notice of the public hearing. CVS Health also

published notice of the hearing in the *Hartford Courant* on September 6, September 13, September 20, and September 27, 2018.

23. Below, I present facts demonstrating that Requirements 1, 3, 4, 5 and 6 set forth in Conn. Gen. Stat. § 38a-132(a)(1), (3), (4), (5) and (6) are satisfied. I understand that another affiant will also be presenting facts demonstrating that these and the other Requirements set forth in Conn. Gen. Stat. § 38a-132(a) are satisfied.

**1. Requirement 1: The Domestic Insurers Will Continue To Satisfy The Requirements For Issuance Of Their Respective Licenses. Conn. Gen. Stat. §38a-132(a)(1).**

24. ALIC is currently licensed by the Department as a life insurance company.

25. ALIC currently satisfies the minimum requirements for licensure as a life insurance company under Connecticut law and will continue to satisfy these requirements through the closing of the Transaction. I am not aware of any facts suggesting that ALIC will not be able to continue to satisfy the minimum requirements for licensure as a life insurance company under Connecticut law after the closing of the Transaction.

26. AIC-CT is currently licensed by the Department as a fraternal insurance company.

27. AIC-CT currently satisfies the minimum requirements for licensure as a fraternal insurance company under Connecticut law and will continue to satisfy these requirements through the closing of the Transaction. I am not aware of any facts suggesting that AIC-CT will not be able to continue to satisfy the minimum requirements for licensure as a fraternal insurance company under Connecticut law after the closing of the Transaction.

28. AHLIC is currently licensed by the Department as a life insurance company.

29. AHLIC currently satisfies the minimum requirements for licensure as a life insurance company under Connecticut law and will continue to satisfy these requirements through the closing of the Transaction. I am not aware of any facts suggesting that AHLIC will

not be able to continue to satisfy the minimum requirements for licensure as a life insurance company under Connecticut law after the closing of the Transaction.

30. AHI-CT is currently licensed by the Department as an HMO.

31. AHI-CT currently satisfies the minimum requirements for licensure as an HMO under Connecticut law and will continue to satisfy these requirements through the closing of the Transaction. I am not aware of any facts suggesting that AHI-CT will not be able to continue to satisfy the minimum requirements for licensure as an HMO under Connecticut law after the closing of the Transaction.

32. ABH-CT is currently licensed by the Department as an HMO.

33. ABH-CT currently satisfies the minimum requirements for licensure as an HMO under Connecticut law and will continue to satisfy these requirements through the closing of the Transaction. I am not aware of any facts suggesting that ABH-CT will not be able to continue to satisfy the minimum requirements for licensure as an HMO under Connecticut law after the closing of the Transaction.

34. The Domestic Insurers have no plans to effect any change in their businesses, corporate structures, management or general plans of operations that would have any adverse impact on their ability to continue to satisfy the requirements of the Connecticut General Statutes for the issuance of a license as Connecticut insurance companies, the operations of which are as described above.

2. **Requirement 2: The Transaction Will Not Substantially Lessen Competition Or Create A Monopoly In Insurance In Connecticut. Conn. Gen. Stat. §38a-132(a)(2).**

35. I understand that CVS Health will address this Requirement through the affidavit and testimony of Florence Crisp, who is Senior Legal Counsel for CVS Health. I further

understand that CVS Health filed a Form E, as supplemented, dated January 23, 2018 with the Department, addressing competitive impacts of the Transaction within the State of Connecticut.

3. **Requirement 3: The Financial Condition Of CVS Health Will Not Jeopardize The Financial Stability Of The Domestic Insurers Or Prejudice The Interests Of The Domestic Insurers' Policyholders. Conn. Gen. Stat. §38a-132(a)(3).**

36. I understand that CVS Health will address this Requirement through the affidavit and testimony of Florence Crisp, who is Senior Legal Counsel for CVS Health.

37. In addition, as reported in their Health Quarterly Statement for June 30, 2018, the capital and surplus of ALIC is approximately \$3,916,703,634, the capital and surplus of AIC-CT is approximately \$19,087,415, the capital and surplus of AHLIC is approximately \$99,592,732, the capital surplus of AHI-CT is approximately \$56,403,856, and the capital and surplus of ABH-CT is approximately \$3,179,833. Accordingly, the Domestic Insurers' financial strength will provide further financial stability for their policyholders.

4. **Requirement 4: CVS Health Has No Plans Or Proposals With Regard To The Domestic Insurers That Are Unfair Or Unreasonable To The Domestic Insurers' Policyholders Or That Are Not In The Public Interest. Conn. Gen. Stat. §38a-132(a)(4).**

38. I understand that CVS Health will address this Requirement through the affidavit and testimony of Florence Crisp, who is Senior Legal Counsel for CVS Health.

39. In addition, it is my understanding that, following the closing of the Transaction, the Domestic Insurers will maintain their separate corporate existence and will be indirect, wholly-owned subsidiaries of CVS Health. To my knowledge, no specific material changes in the Boards of Directors or senior management or operations of the Domestic Insurers are currently planned as part of the Transaction or immediately after the Transaction other than to replace any current Board members or employees who may resign following the closing of the Transaction, except that Mark T. Bertolini and Thomas J. Sabatino, Jr. will be resigning from

their positions with ALIC. Mr. Bertolini will be replaced in his positions at ALIC by Karen Lynch, and Mr. Sabatino will not have a replacement for his position.

40. If any such changes were to occur following the closing of the Transaction, it is my understanding that these changes would be communicated to the Department as appropriate and as required by law, and would be effected in compliance with all applicable statutory and regulatory requirements.

41. Furthermore, Aetna and the Domestic Insurers anticipate that, together, CVS Health and Aetna will build a much improved health care concept based on the principles of greater convenience and lower cost while offering consumers the ability to interact with health care experts they know and trust in communities all across the country to improve their health. The goal of combining the expertise and analytics of Aetna with CVS Health's local presence and clinical capabilities is to become the front door to health care, delivering lower-cost care whenever, wherever, and however it's needed.

42. Aetna and the Domestic Insurers also anticipate that the combination of CVS Health and Aetna will create a health care platform that invigorates the consumer health care experience by allowing for easier and more frequent access to high-quality care in lower-cost settings, meeting patients where they are, and engaging with them as part of their daily lives and routines. Following the closing of the Transaction, Aetna and the Domestic Insurers believe the combined company will provide and facilitate higher-quality care at lower costs by joining CVS Health's extensive suite of pharmacy, walk-in clinic, and other retail assets with Aetna's expertise in medical benefits and services.

43. Aetna and the Domestic Insurers further believe that integrating CVS Health and Aetna will bring together the robust community presence of CVS Health with the data, analytics



and insights of Aetna, one of the nation's leading diversified health care benefits companies. Aetna and the Domestic Insurers also believe that, together, CVS Health and Aetna will provide a new integrated health care model that will deliver substantial public benefits such as improved health outcomes and lower health care spending.

44. As a result, Aetna and the Domestic Insurers believe that CVS Health's plans and proposals with respect to the Domestic Insurers are not unfair or unreasonable to the policyholders of the Domestic Insurers and are in the public interest.

45. Moreover, the basis and terms of the Transaction, including the nature and amount of consideration, were determined by arm's-length negotiations between the respective management and representatives of CVS Health and Aetna.

46. Aetna engaged independent financial and legal advisors in connection with negotiating the Transaction and the terms governing the Transaction, which are described in the Agreement and Plan of Merger dated as of December 3, 2017 and attached as Exhibit 1 to the Form A Statement (the "Merger Agreement"), in addition to relying on corporate counsel and other professionals.

47. Specifically, Aetna performed a due diligence investigation and reviewed, among other things, the financial statements, operations, and legal documents of CVS Health and its subsidiaries.

48. Aetna utilized widely accepted valuation techniques to obtain an indication of value for determining the amount of consideration. Aetna also considered such additional factors and information as it deemed relevant under the circumstances including, but not limited to, the financial position and results of operations of CVS Health and its subsidiaries, their past and

current business operations, historical and potential earnings, financial prospects, and assets and liabilities.

49. The Board of Directors of Aetna unanimously approved the Merger Agreement and the Transaction contemplated thereby.

50. Finally, Aetna's stockholders have voted to approve and adopt the Merger Agreement, with approximately 97 percent of the shares voting at the meeting having voted in favor.

5. **Requirement 5: The Competence, Experience, And Integrity Of Those Who Will Control The Domestic Insurers Following The Closing Of The Transaction Indicate That The Transaction Is In The Interests Of the Domestic Insurers' Policyholders And In The Public Interest. Conn. Gen. Stat. §38a-132(a)(5).**

51. It is my understanding that no specific material changes in the Boards of Directors or senior management or operations of the Domestic Insurers are currently planned. With this understanding, it is my belief that the competence, experience, and integrity of those persons who will directly control Aetna and the Domestic Insurers following the closing of the Transaction, who I understand will be the same individuals who control the Domestic Insurers today, are such that it would be in the interests of the policyholders of the Domestic Insurers and of the public to permit the proposed acquisition of Aetna and its subsidiaries, including the Domestic Insurers.

52. The current *directors* of ALIC are Shawn M. Guertin, Jean LaTorre, and Mark T. Bertolini.

53. The current *executive officers* of ALIC are Mark T. Bertolini, Thomas J. Sabatino Jr., Harold L. Paz, John David Buda, Adam F. McAnaney, Heather Dixon, Shawn M. Guertin, Jean LaTorre, Bryan Nazworth, and John M. Stenson.

54. The current *director* of AIC-CT is Edward Chung-I Lee.

55. The current *executive officers* of AIC-CT are John Patrick Maroney, Bradley Andrew Thompson, and Edward Chung-I Lee.

56. The current *directors* of AHLIC are Steven Louis Hendrich, Brad Everett Shelton, and Tyree Scott Wooldridge.

57. The current *executive officers* of AHLIC are Tyree Scott Wooldridge, John Patrick Maroney, Edward Chung-I Lee, and Bradley Andrew Thompson.

58. The current *directors* of AHI-CT are David John Finn, Spence William Papke, and Mark Costa Santos.

59. The current *executive officers* of AHI-CT are Mark Costa Santos, John Patrick Maroney, Edward Chung-I Lee, Gregory Stephen Martino, Cara Sue Mullen, Kevin James Casey, and Steven Matthew Conte.

60. The current *directors* of ABH-CT are Debra Jean Bacon, Laurie Ann Brubaker, and Mary Louise E. Osborne.

61. The current *executive officers* of ABH-CT are Laurie Ann Brubaker, John Patrick Maroney, Gregory Stephen Martino, Debra Jean Bacon, Frank F. Chronister, Robert M. Kessler, Kevin James Casey, Timothy James Olson, and Edward Chung-I Lee.

62. I have reviewed the biographical affidavits of the current directors and executive officers of the Domestic Insurers, and I have had personal interactions with many of them. I believe these biographical affidavits confirm that the current directors and executive officers of the Domestic Insurers are individuals who are competent, experienced, and of high integrity. In addition, these individuals have years of experience with the Domestic Insurers and at other health insurers or businesses and will continue to make a significant contribution to the Domestic Insurers' management.

63. As explained above, it is my understanding that no replacement of the current directors or executive officers of the Domestic Insurers is currently planned as part of the Transaction or immediately after the Transaction, other than replacing any of whom may resign following the closing of the Transaction.

**6. Requirement 6: The Transaction Is Not Likely To Be Hazardous Or Prejudicial To The Insurance-Buying Public. Conn. Gen. Stat. §38a-132(a)(6).**

64. Aetna and the Domestic Insurers believe that the proposed Transaction will enhance patient care while generating substantial cost savings and quality improvements for consumers in numerous ways.

65. For example, by integrating both companies' pharmacy data and medical claims data, the goal of the combined company is to enhance patient care and risk identification while improving the cost-effectiveness of care. The goal is that Aetna's superior data and predictive analytics capabilities will enable the combined company to improve the quality and coordination of care, and CVS Health will provide patients and physicians with more visibility into out-of-pocket costs and optimal treatment protocols.

66. In another example, the goal of the combined company is to allow patients to access high-quality care in more convenient and affordable locations. Using CVS Health's local presence and Aetna's deep collaborations with physicians and hospitals, along with its data and analytics capabilities, the goal of the combined company is to increase utilization of lower-cost, clinically-tailored, and more convenient sites of care when appropriate.

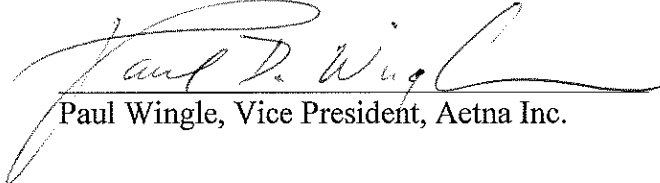
67. In sum, it is my belief that, by combining the medical expertise and analytics of Aetna with CVS Health's strong local presence and clinical capabilities, the combined company will deliver lower-cost care, wherever it is needed. The goal is that the proposed Transaction will bring pharmacy and medical data integration, better use of localized care, continuity of care

across providers, and significant cost containment, all of which will raise the level of care patients receive.

68. For all of these reasons, and because Aetna and the Domestic Insurers believe the combined company will deliver more value and better health outcomes than CVS Health and Aetna would operating independently, we believe the Transaction is not likely to be hazardous or prejudicial to the insurance buying public.

I state under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information, and belief.

FURTHER THE AFFIANT SAYETH NOT

  
Paul Wingle, Vice President, Aetna Inc.

SUBSCRIBED and SWORN to before  
me this 3<sup>rd</sup> day of October, 2018.

  
Notary Public

My Commission expires:

