

Cigna Corporation

Quarterly Financial Supplement March 31, 2018

This document is dated May 3, 2018. The data contained in this document may not be accurate after such date and Cigna does not undertake to update or keep it accurate after such date.



Cigna Corporation
March 31, 2018 Quarterly Financial Supplement
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BASIS OF PRESENTATION:

All dollar amounts are in millions, unless otherwise noted.

Cigna measures the financial results of its segments using adjusted income from operations. Adjusted income from operations is defined as shareholders' net income excluding the following after-tax adjustments: realized investment results, amortization of other acquired intangible assets and special items (identified and quantified on page 2). Operating revenues exclude net realized investment results. Adjusted income from operations and operating revenues are measures of results used by Cigna's management because they present the underlying results of operations of Cigna's businesses and permit analysis of trends in underlying revenue, expenses and profitability.

Adjusted income from operations and operating revenues on a consolidated basis are not determined in accordance with accounting principles generally accepted in the United States of America (GAAP) and should not be viewed as substitutes for the most directly comparable GAAP measures, which are shareholders' net income and total revenues.

Effective January 1, 2018 Cigna adopted the new GAAP revenue recognition guidance (Accounting Standards Update ("ASU") 2014-09 and related amendments) on a retrospective basis. Accordingly, our consolidated and Global Health Care segment results, including medical care and operating expense ratios, for the three months ended March 31, 2017 and as of December 31, 2017 have been updated. For more information about this guidance, please refer to the Significant Accounting Policies footnote to the Consolidated Financial statements in Cigna's Form 10-Q for the period ended March 31, 2018 expected to be filed on May 3, 2018.

In some financial tables in this Quarterly Financial Supplement, we present percentage changes. When those changes are so large as to become not meaningful, we present "N/M" in place of the computed percentage.

Cigna Corporation
Financial Highlights (unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended March 31,			
	2018	2017	% Change	
REVENUES				
Total revenues	\$ 11,380	\$ 10,474	9 %	
Net realized investment (gains) losses ⁽¹⁾	35	(46)	176	
Operating revenues	\$ 11,415	\$ 10,428	9 %	
Operating Revenues by Segment				
Global Health Care	\$ 9,089	\$ 8,287	10 %	
Global Supplemental Benefits	1,102	909	21	
Group Disability and Life	1,116	1,121	-	
Corporate and Other	108	111	(3)	
Consolidated operating revenues	\$ 11,415	\$ 10,428	9 %	
SHAREHOLDERS' NET INCOME				
Shareholders' net income	\$ 915	\$ 598	53 %	
After-tax adjustments to reconcile to adjusted income from operations:				
Net realized investment (gains) losses ⁽¹⁾	25	(31)		
Amortization of other acquired intangibles assets	20	20		
Special items (see details on page 2)	50	132		
Adjusted income from operations	\$ 1,010	\$ 719	40 %	
Adjusted Income (Loss) From Operations by Segment				
Global Health Care	\$ 871	\$ 610	43 %	
Global Supplemental Benefits	112	74	51	
Group Disability and Life	67	68	(1)	
Ongoing operations	1,050	752	40	
Corporate and Other	(40)	(33)	(21)	
Total adjusted income from operations	\$ 1,010	\$ 719	40 %	
Diluted earnings per share:				
Shareholders' net income	\$ 3.72	\$ 2.30	62 %	
Adjusted income from operations	\$ 4.11	\$ 2.77	48 %	
Adjusted income from operations, excluding interest, taxes, depreciation and amortization ⁽²⁾	\$ 1,510	\$ 1,249	21 %	

CUSTOMER RELATIONSHIPS

(Relationships, lives and policies in thousands)

	As of March 31,			As of December 31,	
	2018	2017	% Change	2017	% Change
Global Health Care Medical Customers (see page 7)	16,234	15,734	3 %	15,907	2 %
Other Customer Relationships: (see page 7)					
Behavioral care	26,998	26,006	4	26,849	1
Dental	16,521	15,788	5	15,801	5
Pharmacy	8,796	8,910	(1)	8,960	(2)
Medicare Part D	784	853	(8)	821	(5)
Global Supplemental Benefit Policies (see page 9)	13,491	12,611	7	13,138	3
Group Disability and Life covered lives (estimated) ⁽³⁾	15,300	15,600	(2)	15,300	-
Total customer relationships	98,124	95,502	3 %	96,776	1 %

Effective January 1, 2018, Cigna adopted amended accounting guidance for revenue recognition. Prior year results have been restated on the new basis. Please refer to the Significant Accounting Policies footnote in Cigna's Form 10-Q for the period ended March 31, 2018, expected to be filed on May 3, 2018 for additional details.

(1) Beginning in 2018, includes Cigna's share of the realized investment results of its joint ventures in China and India.

(2) Adjusted income from operations excluding interest, taxes, depreciation and amortization is a non-GAAP measure, defined as shareholders' net income (loss) excluding income taxes and the before-tax impact of special items, interest expense, total depreciation and amortization and net realized investment results.

(3) Group Disability and Life estimated covered lives as of December 31, 2017 has been revised to conform to current presentation.

Cigna Corporation

Reconciliation of Shareholders' Net Income (Loss) to Adjusted Income (Loss) from Operations (unaudited)

(Dollars in millions, except per share amounts)

	Diluted		Consolidated		Global Health Care		Global Supplemental Benefits		Group Disability and Life		Corporate and Other	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Three Months Ended March 31,												
Shareholders' net income (loss)	\$3.72	\$2.30	\$915	\$598	\$842	\$544	\$105	\$77	\$54	\$59	\$(86)	\$(82)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Net realized investment (gains) losses ⁽¹⁾	0.10	(0.12)	25	(31)	15	(16)	1	(9)	13	(6)	(4)	-
Amortization of other acquired intangible assets	0.08	0.08	20	20	14	14	6	6	-	-	-	-
Special items:												
Transaction-related costs	0.21	0.19	50	49	-	-	-	-	-	-	50	49
Long-term care guaranty fund assessment	-	0.32	-	83	-	68	-	-	-	15	-	-
Adjusted income (loss) from operations	\$4.11	\$2.77	\$1,010	\$719	\$871	\$610	\$112	\$74	\$67	\$68	\$(40)	\$(33)
Weighted average shares (in thousands)	245,788	259,774										
Common shares outstanding as of March 31, (in thousands)	243,250	256,217										
Special items, pre-tax:												
Transaction-related costs			\$60	\$63	\$-	\$-	\$-	\$-	\$-	\$-	\$60	\$63
Long-term care guaranty fund assessment			-	129	-	106	-	-	-	23	-	-
Total			\$60	\$192	\$-	\$106	\$-	\$-	\$-	\$23	\$60	\$63

(1) Beginning in 2018, includes Cigna's share of the realized investment results of its joint ventures in China and India.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)

Three Months Ended March 31,

	2018	2017	% Change
Revenues:			
Premiums	\$ 8,999	\$ 8,151	10 %
Fees	1,353	1,248	8
Net investment income	329	303	9
Mail order pharmacy revenues	717	710	1
Other revenues	15	16	(6)
Net realized investment gains (losses)	<u>(33)</u>	<u>46</u>	(172)
Total revenues	11,380	10,474	9
Less: Net realized investment gains (losses)	(33)	46	(172)
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	<u>(2)</u>	<u>-</u>	N/M
Consolidated operating revenues	<u>11,415</u>	<u>10,428</u>	9
Benefits and Expenses:			
Global Health Care medical costs	5,317	4,949	7
Other benefit expenses excluding special items	1,455	1,367	6
Mail order pharmacy costs	561	581	(3)
Operating expenses excluding special items	2,570	2,287	12
Depreciation and amortization:			
Amortization of other acquired intangible assets	27	32	(16)
Depreciation and other amortization	<u>113</u>	<u>114</u>	(1)
Total depreciation and amortization	140	146	(4)
Interest expense	59	62	(5)
Special items (see details on page 2)	<u>60</u>	<u>192</u>	(69)
Total benefits and expenses	<u>10,162</u>	<u>9,584</u>	6
Income before income taxes	<u>1,218</u>	<u>890</u>	37
Income taxes:			
Current	292	286	2
Deferred	<u>9</u>	<u>11</u>	(18)
Total taxes	301	297	1
Net income	917	593	55
Less: Income (loss) attributable to noncontrolling interests	2	(5)	140
Shareholders' net income	<u>\$ 915</u>	<u>\$ 598</u>	53 %

Effective January 1, 2018, Cigna adopted amended accounting guidance for revenue recognition. Prior year results have been restated on the new basis. Please refer to the Significant Accounting Policies footnote in Cigna's Form 10-Q for the period ended March 31, 2018, expected to be filed on May 3, 2018 for additional details.

(1) Beginning in 2018, Cigna's share of the realized investment results of its joint ventures in China and India that is reported in other revenues is excluded from operating revenues and adjusted income from operations.

Cigna Corporation
Global Health Care
Segment Results (unaudited)

(Dollars in millions)

Three Months Ended March 31,
2018 2017

% Change

Revenues:

Premiums	\$	6,929	\$	6,259	11	%
Fees		1,326		1,220	9	
Net investment income		115		92	25	
Mail order pharmacy revenues		717		710	1	
Other revenues		2		6	(67)	
Net realized investment gains (losses)		<u>(20)</u>		<u>26</u>	(177)	
Total revenues		9,069		8,313	9	
Less: Net realized investment gains (losses)		<u>(20)</u>		<u>26</u>	(177)	
Operating revenues		<u>9,089</u>		<u>8,287</u>	10	

Benefits and Expenses:

Global Health Care medical costs		5,317		4,949	7	
Mail order pharmacy costs		561		581	(3)	
Operating expenses excluding special items		2,060		1,807	14	
Amortization of other acquired intangible assets		19		23	(17)	
Special items (see details on page 2)		<u>-</u>		<u>106</u>	(100)	
Benefits and expenses		<u>7,957</u>		<u>7,466</u>	7	
Income before income taxes		1,112		847	31	
Income taxes		270		304	(11)	
Income (loss) attributable to noncontrolling interests		-		(1)	100	

Shareholders' net income from Global Health Care

842 544 55

After-tax adjustments required to reconcile to adjusted income from operations:

Net realized investment (gains) losses		15		(16)		
Amortization of other acquired intangible assets		14		14		
Special items (see details on page 2)		<u>-</u>		<u>68</u>		

Adjusted income from operations

\$ 871 \$ 610 43 %

Adjusted margin for Global Health Care

9.6 % 7.4 % 220 bps

Cigna Corporation
Global Health Care
Revenue Analysis (unaudited)

(Dollars in millions)

Three Months Ended March 31,

2018 2017 % Change

Premiums:					
Commercial					
Guaranteed cost	\$	1,999	\$	1,543	30 %
Experience-rated ⁽¹⁾		739		727	2
Stop loss		980		852	15
International health care		513		475	8
Dental		479		441	9
Other		258		246	5
Total Commercial premiums		4,968		4,284	16
Government					
Medicare		1,498		1,461	3
Medicaid		235		280	(16)
Medicare Part D		228		234	(3)
Total Government premiums		1,961		1,975	(1)
Total premiums		6,929		6,259	11
Fees		1,326		1,220	9
Premiums and fees		8,255		7,479	10
Net investment income		115		92	25
Mail order pharmacy revenues ⁽²⁾		717		710	1
Other revenues		2		6	(67)
Operating revenues	\$	9,089	\$	8,287	10 %

(1) Includes minimum premium business that has a risk profile similar to experience-rated funding arrangements. Also includes certain non-participating cases for which special customer-level reporting of experience is required.

(2) Reflects revenues for non-risk mail order pharmacy fulfillment services.

Cigna Corporation
Global Health Care
Ratio Analysis (unaudited)

RATIOS:	Three Months Ended March 31,		Change
	2018	2017	Favorable (Unfavorable)
<u>Medical Care Ratios:</u>			
Commercial	73.7 %	76.0 %	2.3
Government	84.5 %	85.9 %	1.4
Consolidated Global Health Care	76.7 %	79.1 %	2.4
Operating expense ratio ^{(1),(2)}	22.7 %	21.8 %	(0.9)

(1) Excludes amortization of other acquired intangible assets and special items.

(2) Operating expenses included the health insurance industry tax of \$97 million for the three months ended March 31, 2018. There was a suspension of the industry tax in 2017. For additional details regarding taxes and fees related to the Patient Protection and Affordable Care and Education Reconciliation Act and the status of the moratorium, please refer to the Health Care Industry Developments section in Management's Discussion and Analysis within Cigna's Form 10-Q for the period ended March 31, 2018, expected to be filed on May 3, 2018.

Cigna Corporation
Global Health Care
Estimated Covered Lives (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of March 31,			As of December 31,			COVERED LIVES BY MARKET SEGMENT: ⁽⁵⁾	As of March 31,			As of December 31,		
	(Lives in thousands)	2018	2017	% Change	2017	% Change		(Lives in thousands)	2018	2017 ⁽⁶⁾	% Change	2017 ⁽⁶⁾	% Change
Medical customers: ⁽¹⁾							Medical customers: ⁽¹⁾						
Commercial risk:							U.S. Commercial:						
U.S. Guaranteed cost	1,365	1,179	16 %	1,188	15 %		National Accounts	3,719	3,754	(1) %	3,688	1 %	
U.S. Experience-rated ⁽²⁾	880	903	(3)	901	(2)		Middle Market	7,972	7,749	3	7,902	1	
International health care - risk	908	845	7	868	5		Select	2,133	1,866	14	2,002	7	
Total commercial risk ⁽²⁾	3,153	2,927	8	2,957	7		Individual ⁽⁷⁾	401	353	14	297	35	
							Small	1	1	-	1	-	
Medicare	433	441	(2)	432	-		Total U.S. Commercial	14,226	13,723	4	13,890	2	
Medicaid	51	61	(16)	55	(7)		International	1,524	1,509	1	1,530	-	
Total risk	3,637	3,429	6	3,444	6		Total Commercial	15,750	15,232	3	15,420	2	
							Medicare	433	441	(2)	432	-	
							Medicaid	51	61	(16)	55	(7)	
Total service, including international health care	12,597	12,305	2	12,463	1		Total Government	484	502	(4)	487	(1)	
Total medical customers	16,234	15,734	3 %	15,907	2 %		Total medical customers	16,234	15,734	3 %	15,907	2 %	
Other Customer Relationships:													
Behavioral care ⁽³⁾	26,998	26,006	4 %	26,849	1 %								
Dental ⁽³⁾	16,521	15,788	5 %	15,801	5 %								
Pharmacy ⁽³⁾	8,796	8,910	(1) %	8,960	(2) %								
Medicare Part D ⁽⁴⁾	784	853	(8) %	821	(5) %								

(1) Includes individuals who meet any one of the following criteria: are covered under a medical insurance policy, managed care arrangement, or service agreement issued by Cigna; have access to Cigna's provider network for covered services under their medical plan; or have medical claims and services that are administered by Cigna.

(2) Includes minimum premium customers, who have a risk profile similar to experience-rated customers. Also, includes certain non-participating cases for which certain customer-level reporting of experience is required.

(3) Reflects customer relationships with Cigna's dental, managed pharmacy, or behavioral care programs. These customers may also be medical customers. Behavioral customer relationships exclude certain wellness programs.

(4) Reflects customers enrolled in Cigna's Medicare Part D program, which provides access to prescription medications through a nationwide pharmacy network.

(5) Market Segments are defined as follows:

~ the National Accounts market segment includes multi-state employers with more than 5,000 U.S. based, full-time employees in more than one state

~ the Middle Market segment includes employers with more than 500 but fewer than 5,000 U.S. based, full-time employees, single-site employers with more than 5,000 employees, Taft Hartley plans, and other third party payers;

~ the Select market segment includes employers with more than 50 but fewer than 500 eligible employees;

~ the Individual market segment includes individuals in ten states as of March 31, 2018: Arizona, Colorado, Florida, Illinois, Missouri, New Jersey, North Carolina, Tennessee, Texas and Virginia.

~ the Small market segment includes employers with 2-50 employees. Cigna has made a strategic business decision to exit this Market Segment.

~ the International health care segment is focused on health care products and services to meet the needs of local and multinational companies and organizations and their local and globally mobile employees and dependents.

~ the Government market segment offers Medicare Advantage (both to individuals who are post-65 retirees, as well as employer group sponsored pre- and post-65 retirees), Prescription Drug Program, and Medicaid products as managed care alternatives to publicly funded healthcare programs.

(6) Prior year lives have been reclassified to reflect current market segment presentation at the employer level, according to the definitions discussed in note 5. Additionally, prior year lives for Middle Market and Select market segments have been updated to reflect those definitions.

(7) As of March 31, 2018, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (348,000 customers), off-exchange ACA business (13,000 customers) and off-exchange non ACA business (40,000 customers).

Cigna Corporation
Global Supplemental Benefits
Segment Results (unaudited)

<i>(Dollars in millions)</i>	Three Months Ended March 31,			
	2018	2017	% Change	
Revenues:				
Premiums	\$ 1,044	\$ 864	21	%
Fees	7	5	40	
Net investment income	34	28	21	
Other revenues	15	12	25	
Net realized investment gains	-	13	(100)	
Total revenues	1,100	922	19	
Less: Net realized investment gains	-	13	(100)	
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	(2)	-	N/M	
Operating revenues	1,102	909	21	
Benefits and Expenses:				
Benefit expenses	587	505	16	
Operating expenses ⁽²⁾	349	312	12	
Amortization of other acquired intangible assets	8	9	(11)	
Benefits and expenses	944	826	14	
Income before income taxes	156	96	63	
Income taxes	49	23	113	
Income (loss) attributable to noncontrolling interests	2	(4)	150	
Shareholders' net income from Global Supplemental Benefits	105	77	36	
After-tax adjustments to reconcile to adjusted income from operations:				
Net realized investment (gains) losses ⁽¹⁾	1	(9)		
Amortization of other acquired intangible assets	6	6		
Special items (see details on page 2)	-	-		
Adjusted income from operations	\$ 112	\$ 74	51	%
Adjusted margin for Global Supplemental Benefits	10.2 %	8.1 %	210	bps

(1) Beginning in 2018, Cigna's share of the realized investment results of its joint ventures in China and India that is reported in other revenues is excluded from operating revenue and adjusted income from operations.

(2) Operating expenses include policy acquisition expenses of \$186 million for the three months ended March 31, 2018 and \$156 million for the three months ended March 31, 2017.

Movements in foreign currency exchange rates between reporting periods impact the comparability of reported results. In the table below, 2017 amounts are presented using 2018 actual exchange rates:

<i>(Dollars in millions)</i>	Three Months Ended March 31,			
	2018	2017	% Change	
Operating revenues	\$ 1,102	\$ 955	15	%
Adjusted income from operations	\$ 112	\$ 81	38	%

Cigna Corporation
Global Supplemental Benefits
Key Metrics (unaudited)

(Dollars in millions)

OPERATING REVENUES BY GEOGRAPHY	Three Months Ended March 31,			% Change
	2018	2017		
Korea	\$ 544	\$ 463	17	%
U.S.	265	193	37	
Taiwan	76	69	10	
Hong Kong	35	26	35	
Turkey	31	22	41	
Other	151	136	11	
Total ⁽¹⁾	\$ 1,102	\$ 909	21	%
China Joint Venture ⁽¹⁾	\$ 462	\$ 329	40	%

NUMBER OF POLICIES:	As of March 31,			As of December 31,	
	2018	2017	% Change	2017	% Change
(Policies in thousands)					
Global Supplemental Benefits Policies ⁽²⁾	13,491	12,611	7	13,138	3
China Joint Venture ⁽¹⁾	1,979	1,708	16	1,901	4

(1) Cigna owns a 50% noncontrolling interest in its China Joint Venture. Cigna's 50% share of the joint venture's earnings is reported in Other Revenues using the equity method of accounting under GAAP. As such, the operating revenues and policy counts from the China Joint Venture are not included in Operating Revenues by Geography or Number of Policies. For informational purposes, the China Joint Venture operating revenues and policy counts are presented above as if Cigna consolidated the joint venture.

(2) In third quarter 2017, Cigna deconsolidated its joint venture in India. As a result, effective with third quarter 2017, Cigna's 49% share of the joint venture's results is reported in Other Revenues and the Global Supplemental Benefits policy count excludes policies from the India joint venture.

Cigna Corporation
Group Disability and Life
Segment Results (unaudited)

(Dollars in millions)

Three Months Ended March 31,
2018 2017

% Change

Revenues:

Premiums:

Life \$ 425 \$ 437 (3) %

Disability 505 501 1

Other 70 66 6

Total premiums 1,000 1,004 -

Fees 25 27 (7)

Net investment income 90 89 1

Other revenues 1 1 -

Net realized investment gains (losses) (16) 8 (300)

Total revenues 1,100 1,129 (3)

Less: Net realized investment gains (losses) (16) 8 (300)

Operating revenues 1,116 1,121 -

Benefits and Expenses:

Benefit expenses 791 785 1

Operating expenses excluding special items 241 234 3

Special items (see details on page 2) - 23 (100)

Benefits and expenses 1,032 1,042 (1)

Income before income taxes 68 87 (22)

Income taxes 14 28 (50)

Shareholders' net income from Group Disability and Life 54 59 (8)

After-tax adjustments to reconcile to adjusted income from operations:

Net realized investment (gains) losses 13 (6)

Special items (see details on page 2) - 15

Adjusted income from operations \$ 67 \$ 68 (1) %

Adjusted margin for Group Disability and Life 6.0 % 6.1 % (10) bps

Cigna Corporation
Corporate and Other ⁽¹⁾
Segment Results (unaudited)

	Three Months Ended March 31,		
	2018	2017	% Change
<i>(Dollars in millions)</i>			
Revenues:			
Premiums ⁽²⁾	\$ 26	\$ 24	8 %
Fees ⁽²⁾	(5)	(4)	(25)
Net investment income	90	94	(4)
Other revenues ⁽²⁾	(3)	(3)	-
Net realized investment gains (losses)	<u>3</u>	<u>(1)</u>	N/M
Total revenues	111	110	1
Less: Net realized investment gains (losses)	<u>3</u>	<u>(1)</u>	N/M
Operating revenues	<u>108</u>	<u>111</u>	(3)
Benefits and Expenses:			
Benefit expenses	77	77	-
Operating expenses excluding special items ⁽²⁾	92	110	(16)
Special items (see details on page 2)	<u>60</u>	<u>63</u>	(5)
Benefits and expenses	<u>229</u>	<u>250</u>	(8)
(Loss) before income taxes	(118)	(140)	16
Income tax (benefits)	<u>(32)</u>	<u>(58)</u>	45
Shareholders' net (loss) from Corporate and Other Operations	(86)	(82)	(5)
Adjustments to reconcile to adjusted (loss) from operations:			
Net realized investment (gains) losses	(4)	-	
Special items (see details on page 2)	50	49	
Adjusted (loss) from operations	\$ (40)	\$ (33)	(21) %

(1) In this Quarterly Financial Supplement, Other Operations and Corporate are combined under the heading "Corporate and Other." Adjusted margin for the Other Operations segment is presented in the Management's Discussion and Analysis section of Cigna's Form 10-Q for the period ended March 31, 2018, expected to be filed on May 3, 2018.

(2) Includes amounts for elimination of intercompany revenues and expenses.

Cigna Corporation
Consolidated Balance Sheets

(Dollars in millions)

	As of March 31, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)		As of March 31, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)
Assets			Liabilities		
Investments:					
Fixed maturities, at fair value (see pages 13 and 14) (amortized cost, \$23,416 and \$21,867)	\$ 24,178	\$ 23,138	Contractholder deposit funds	\$ 8,153	\$ 8,196
Equity securities	567	588	Future policy benefits	9,934	10,040
Commercial mortgage loans	1,801	1,761	Unpaid claims and claim expenses	5,215	5,168
Policy loans	1,404	1,415	Global Health Care medical costs payable	2,925	2,719
Other long-term investments	1,669	1,518	Unearned premiums	1,291	724
Short-term investments	245	199	Total insurance and contractholder liabilities	27,518	26,847
Total investments	29,864	28,619			
Cash and cash equivalents	2,771	2,972	Accounts payable, accrued expenses and other liabilities	7,825	7,290
Premiums, accounts and notes receivable, net	3,455	3,380	Short-term debt	110	240
Reinsurance recoverables ⁽¹⁾	5,945	6,046	Long-term debt	5,191	5,199
Deferred policy acquisition costs	2,315	2,237	Separate account liabilities	8,253	8,423
Property and equipment	1,552	1,563	Total liabilities	48,897	47,999
Deferred tax assets, net	96	39			
Goodwill	6,170	6,164	Redeemable noncontrolling interests	49	49
Other assets, including other intangibles ⁽²⁾	2,720	2,316	Shareholders' Equity		
Separate account assets	8,253	8,423	Common stock	74	74
			Additional paid-in capital	2,963	2,940
			Accumulated other comprehensive loss	(1,547)	(1,082)
			Retained earnings	16,933	15,800
			Less treasury stock, at cost	(4,228)	(4,021)
			Total shareholders' equity	14,195	13,711
Total assets	\$ 63,141	\$ 61,759	Total liabilities and equity	\$ 63,141	\$ 61,759

Effective January 1, 2018, Cigna adopted amended accounting guidance for revenue recognition. Prior year results have been restated to reflect the adoption of this standard. Please refer to the Significant Accounting Policies footnote in Cigna's Form 10-Q for the period ended March 31, 2018, expected to be filed on May 3, 2018 for additional details.

(1) Includes \$5.1 billion as of March 31, 2018 and \$5.2 billion as of December 31, 2017 related to: 1) the sale of Cigna's Individual Life & Annuity business in 1998 and Cigna's Retirement Benefits business in 2004, which were primarily in the form of reinsurance arrangements; and 2) the reinsurance transaction with Berkshire in 2013. Corresponding liabilities are primarily reported in Contractholder deposit funds and Future policy benefits.

(2) Includes recoverables of \$0.7 billion as of March 31, 2018 and \$0.8 billion as of December 31, 2017 related to the GMIB liability.

Cigna Corporation
Summary of Fixed Maturities (unaudited)
Asset Quality / Type
Fair Value

(Dollars in millions)

Sector	As of March 31, 2018				As of December 31, 2017			
	Public	Private	Total ⁽¹⁾	% of Fixed Maturities	Public	Private	Total ⁽¹⁾	% of Fixed Maturities
United States government	\$ 868	\$ -	\$ 868	4%	\$ 779	\$ -	\$ 779	3%
States and local government	1,129	-	1,129	5%	1,287	-	1,287	6%
Foreign government	2,423	76	2,499	10%	2,410	77	2,487	11%
Government	4,420	76	4,496	19%	4,476	77	4,553	20%
Basic industry	1,940	1,271	3,211	13%	1,892	1,240	3,132	13%
Capital goods	1,316	976	2,292	10%	1,070	990	2,060	9%
Communications	1,016	109	1,125	5%	1,020	111	1,131	5%
Consumer	3,109	1,092	4,201	17%	2,931	1,102	4,033	17%
Electric and utility	1,224	1,223	2,447	10%	1,138	1,204	2,342	10%
Energy and natural gas	1,159	604	1,763	7%	1,145	619	1,764	8%
Financial	3,261	699	3,960	16%	2,834	621	3,455	15%
Other	87	87	174	1%	83	88	171	1%
Corporate	13,112	6,061	19,173	79%	12,113	5,975	18,088	78%
Mortgage and other asset-backed	119	390	509	2%	87	410	497	2%
Total fixed maturities ⁽²⁾	\$ 17,651	\$ 6,527	\$ 24,178	100%	\$ 16,676	\$ 6,462	\$ 23,138	100%
% of fixed maturities	73%	27%	100%		72%	28%	100%	

(1) 89% of fixed maturities were investment grade as of March 31, 2018 and December 31, 2017. The remaining fixed maturities were below investment grade holdings and invested mainly in corporate debt, including both public and private placed debt.

(2) Problem and potential problem bonds at amortized cost, net of impairments, were \$17 million as of March 31, 2018 and \$48 million as of December 31, 2017. For more information, please refer to Cigna's Form 10-Q for the period ended March 31, 2018 expected to be filed on May 3, 2018.

Cigna Corporation
Summary of Fixed Maturities (unaudited)
Analysis of Amortized Cost vs. Fair Value

(Dollars in millions)

Sector	As of March 31, 2018			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 653	\$ 219	\$ 4	\$ 868
State and local government	1,058	72	1	1,129
Foreign government	2,402	119	22	2,499
Government	4,113	410	27	4,496
Basic industry	3,129	119	37	3,211
Capital goods	2,242	80	30	2,292
Communications	1,106	32	13	1,125
Consumer	4,142	119	60	4,201
Electric and utility	2,364	120	37	2,447
Energy and natural gas	1,720	65	22	1,763
Financial	3,934	73	47	3,960
Other	175	2	3	174
Corporate	18,812	610	249	19,173
Mortgage and other asset-backed	491	23	5	509
Total fixed maturities	\$ 23,416	\$ 1,043	\$ 281	\$ 24,178

As of December 31, 2017			
Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
\$ 541	\$ 239	\$ 1	\$ 779
1,196	93	2	1,287
2,360	142	15	2,487
4,097	474	18	4,553
2,973	173	14	3,132
1,967	102	10	2,059
1,091	46	5	1,132
3,872	175	14	4,033
2,187	167	12	2,342
1,680	93	9	1,764
3,357	109	12	3,454
174	3	5	172
17,301	868	81	18,088
469	29	1	497
\$ 21,867	\$ 1,371	\$ 100	\$ 23,138

Cigna Corporation
Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in millions)

Three Months Ended March 31,
2018 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	917	\$	593
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:				
Depreciation and amortization		140		146
Realized investment (gains) losses		33		(46)
Deferred income taxes		9		11
Net changes in assets and liabilities, net of non-operating effects:				
Premiums, accounts and notes receivable		(53)		(55)
Reinsurance recoverables		31		41
Deferred policy acquisition costs		(76)		(76)
Other assets		114		(22)
Insurance liabilities		849		868
Accounts payable, accrued expenses and other liabilities		(191)		(186)
Current income taxes		260		291
Distributions from partnership investments		34		45
Other, net		(42)		(31)
Net cash provided by operating activities		<u>2,025</u>		<u>1,579</u>
Net cash used in investing activities		(1,700)		(117)
Net cash used in financing activities		(530)		(515)
Effect of foreign currency rate changes on cash and cash equivalents		4		23
Net increase (decrease) in cash and cash equivalents		(201)		970
Cash and cash equivalents, beginning of year		2,972		3,185
Cash and cash equivalents, end of year	\$	2,771	\$	4,155

(1) Includes pre-tax domestic qualified pension plan contributions of \$150 million for the three months ended March 31, 2017. There were no contributions in 2018.