

# **Cigna Corporation**

## **Quarterly Financial Supplement December 31, 2016**

*This document is dated February 2, 2017. 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**  
**December 31, 2016 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, net 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 on a consolidated basis and operating revenues 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.*

*In the fourth quarter of 2016, we recorded an allowance for the full amount of our September 30, 2016 risk corridor receivable balance of \$124 million (\$80 million after-tax). This allowance is reported as a special item in this document and in Cigna's Form 10-K for the year ended December 31, 2016, expected to be filed on February 23, 2017.*

*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 December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>REVENUES</b>						
<b>Total revenues</b>	\$ 9,944	\$ 9,528	4 %	\$ 39,668	\$ 37,876	5 %
Net realized investment (gains) losses	(59)	47	(226)	(169)	(57)	(196)
Operating revenues	\$ 9,885	\$ 9,575	3 %	\$ 39,499	\$ 37,819	4 %
<b>Operating Revenues by Segment</b>						
Global Health Care	\$ 7,762	\$ 7,568	3 %	\$ 31,199	\$ 29,929	4 %
Global Supplemental Benefits	878	805	9	3,385	3,149	7
Group Disability and Life	1,125	1,085	4	4,443	4,271	4
Corporate and Other	120	117	3	472	470	-
Consolidated operating revenues	\$ 9,885	\$ 9,575	3 %	\$ 39,499	\$ 37,819	4 %
<b>SHAREHOLDERS' NET INCOME</b>						
<b>Shareholders' net income</b>	\$ 382	\$ 426	(10) %	\$ 1,867	\$ 2,094	(11) %
After-tax adjustments to reconcile to adjusted income from operations:						
Realized investment (gains) losses	(38)	28		(109)	(40)	
Amortization of other acquired intangibles assets, net	22	4		94	80	
Special Items (see details on page 2)	119	28		252	122	
Adjusted income from operations	\$ 485	\$ 486	- %	\$ 2,104	\$ 2,256	(7) %
<b>Adjusted Income (Loss) From Operations by Segment</b>						
Global Health Care	\$ 406	\$ 394	3 %	\$ 1,852	\$ 1,848	- %
Global Supplemental Benefits	63	54	17	294	262	12
Group Disability and Life	69	83	(17)	125	324	(61)
Ongoing operations	538	531	1	2,271	2,434	(7)
Corporate and Other	(53)	(45)	(18)	(167)	(178)	6
Total adjusted income from operations	\$ 485	\$ 486	- %	\$ 2,104	\$ 2,256	(7) %
Diluted earnings per share:						
Shareholders' net income	\$ 1.47	\$ 1.64	(10) %	\$ 7.19	\$ 8.04	(11) %
Adjusted income from operations	\$ 1.87	\$ 1.87	- %	\$ 8.10	\$ 8.66	(6) %
Adjusted income from operations, excluding interest, taxes, depreciation and amortization <sup>(1)</sup>	\$ 934	\$ 941	(1) %	\$ 4,025	\$ 4,290	(6) %
<b>CUSTOMER RELATIONSHIPS</b>						
As of December 31,						
(Relationships, lives and policies in thousands)						
	2016	2015	% Change			
<b>Global Health Care Medical Customers</b> (see page 7)	15,197	14,999	1 %			
<b>Other Customer Relationships:</b> (see page 7)						
Behavioral care	26,238	24,674	6			
Dental	14,981	13,869	8			
Pharmacy	8,461	8,068	5			
Medicare Part D	972	1,476	(34)			
Global Supplemental Benefit Policies (see page 9)	12,151	12,888	(6)			
Group Disability and Life covered lives (estimated)	16,200	15,600	4			
Total customer relationships	94,200	91,574	3 %			

(1) 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.

**Cigna Corporation**

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

(Dollars in millions, except per share amounts)

	Diluted Earnings Per Share		Consolidated		Global Health Care		Global Supp. Benefits		Group Disability and Life		Corporate and Other	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
<b>Three Months Ended December 31,</b>												
Shareholders' net income (loss)	\$ 1.47	\$ 1.64	\$ 382	\$ 426	\$ 337	\$ 354	\$ 54	\$ 72	\$ 83	\$ 74	\$ (92)	\$ (74)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Realized investment (gains) losses	(0.14)	0.11	(38)	28	(29)	20	5	(2)	(14)	9	-	1
Amortization of other acquired intangible assets, net	0.08	0.01	22	4	18	20	4	(16)	-	-	-	-
Special items:												
Charges associated with litigation matters	-	-	-	-	-	-	-	-	-	-	-	-
Merger-related transaction costs	0.15	0.11	39	28	-	-	-	-	-	-	39	28
Risk corridor allowance	0.31	-	80	-	80	-	-	-	-	-	-	-
Adjusted income (loss) from operations	\$ 1.87	\$ 1.87	\$ 485	\$ 486	\$ 406	\$ 394	\$ 63	\$ 54	\$ 69	\$ 83	\$ (53)	\$ (45)
Weighted average shares (in thousands)	259,882	260,518										
Special Items, pre-tax:												
Merger-related transaction costs			\$ 43	\$ 31	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 31
Risk corridor allowance			124	-	124	-	-	-	-	-	-	-
Total			\$ 167	\$ 31	\$ 124	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43	\$ 31
<b>Year Ended December 31,</b>												
Shareholders' net income (loss)	\$ 7.19	\$ 8.04	\$ 1,867	\$ 2,094	\$ 1,751	\$ 1,794	\$ 268	\$ 267	\$ 164	\$ 328	\$ (316)	\$ (295)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Realized investment (gains) losses	(0.42)	(0.15)	(109)	(40)	(78)	(30)	6	(1)	(39)	(4)	2	(5)
Amortization of other acquired intangible assets, net	0.36	0.30	94	80	74	84	20	(4)	-	-	-	-
Special items:												
Charges associated with litigation matters	0.10	-	25	-	25	-	-	-	-	-	-	-
Debt extinguishment costs	-	0.25	-	65	-	-	-	-	-	-	-	65
Merger-related transaction costs	0.56	0.22	147	57	-	-	-	-	-	-	147	57
Risk corridor allowance	0.31	-	80	-	80	-	-	-	-	-	-	-
Adjusted income (loss) from operations	\$ 8.10	\$ 8.66	\$ 2,104	\$ 2,256	\$ 1,852	\$ 1,848	\$ 294	\$ 262	\$ 125	\$ 324	\$ (167)	\$ (178)
Weighted average shares (in thousands)	259,647	260,592										
Common shares outstanding as of December 31, (in thousands)	256,869	256,544										
Special Items, pre-tax:												
Charges associated with litigation matters			\$ 40	\$ -	\$ 40	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt extinguishment costs			-	100	-	-	-	-	-	-	-	100
Merger-related transaction costs			166	66	-	-	-	-	-	-	166	66
Risk corridor allowance			124	-	124	-	-	-	-	-	-	-
Total			\$ 330	\$ 166	\$ 164	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 166	\$ 166

**Cigna Corporation**  
**Consolidated Income Statements (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenues:</b>						
Premiums	\$ 7,621	\$ 7,461	2 %	\$ 30,626	\$ 29,642	3 %
Fees	1,139	1,056	8	4,485	4,217	6
Net investment income	299	295	1	1,147	1,153	(1)
Mail order pharmacy revenues	759	690	10	2,966	2,536	17
Other revenues	<u>67</u>	<u>73</u>	(8)	<u>275</u>	<u>271</u>	1
Consolidated operating revenues	9,885	9,575	3	39,499	37,819	4
Net realized investment gains (losses)	<u>59</u>	<u>(47)</u>	226	<u>169</u>	<u>57</u>	196
Total revenues	<u>9,944</u>	<u>9,528</u>	4	<u>39,668</u>	<u>37,876</u>	5
<b>Benefits and Expenses:</b>						
Global Health Care medical costs	4,779	4,634	3	19,009	18,354	4
Other benefit expenses	1,352	1,238	9	5,477	4,936	11
Mail order pharmacy costs	626	581	8	2,468	2,134	16
Operating expenses excluding special items	2,202	2,189	1	8,544	8,122	5
Depreciation and amortization:						
Amortization of other acquired intangible assets, net	36	21	71	151	143	6
Depreciation and other amortization	<u>114</u>	<u>113</u>	1	<u>459</u>	<u>442</u>	4
Total depreciation and amortization	150	134	12	610	585	4
Interest Expense	63	62	2	251	252	-
Special items (see details on page 2)	<u>167</u>	<u>31</u>	N/M	<u>330</u>	<u>166</u>	99
Total benefits and expenses	<u>9,339</u>	<u>8,869</u>	5	<u>36,689</u>	<u>34,549</u>	6
Income before income taxes	<u>605</u>	<u>659</u>	(8)	<u>2,979</u>	<u>3,327</u>	(10)
Income taxes:						
Current	220	264	(17)	1,062	1,229	(14)
Deferred	<u>11</u>	<u>(23)</u>	148	<u>74</u>	<u>21</u>	252
Total taxes	<u>231</u>	<u>241</u>	(4)	<u>1,136</u>	<u>1,250</u>	(9)
<b>Net income</b>	374	418	(11)	1,843	2,077	(11)
<b>Less: net (loss) attributable to noncontrolling interests</b>	<u>(8)</u>	<u>(8)</u>	-	<u>(24)</u>	<u>(17)</u>	(41)
<b>Shareholders' net income</b>	<u>\$ 382</u>	<u>\$ 426</u>	(10) %	<u>\$ 1,867</u>	<u>\$ 2,094</u>	(11) %

**Cigna Corporation**  
**Global Health Care**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenues:</b>						
Premiums	\$ 5,748	\$ 5,692	1 %	\$ 23,295	\$ 22,696	3 %
Fees	1,109	1,029	8	4,368	4,107	6
Net investment income	85	89	(4)	315	340	(7)
Mail order pharmacy revenues	759	690	10	2,966	2,536	17
Other revenues	61	68	(10)	255	250	2
Operating revenues	7,762	7,568	3	31,199	29,929	4
Net realized investment gains (losses)	46	(33)	239	119	43	177
Total revenues	7,808	7,535	4	31,318	29,972	4
<b>Benefits and Expenses:</b>						
Global Health Care medical costs	4,779	4,634	3	19,009	18,354	4
Mail order pharmacy costs	626	581	8	2,468	2,134	16
Operating expenses	1,710	1,718	-	6,708	6,404	5
Amortization of other acquired intangible assets, net	29	33	(12)	118	136	(13)
Special items (see details on page 2)	124	-	N/M	164	-	N/M
Benefits and expenses	7,268	6,966	4	28,467	27,028	5
Income before income taxes	540	569	(5)	2,851	2,944	(3)
Income taxes	204	216	(6)	1,103	1,153	(4)
(Loss) attributable to noncontrolling interest	(1)	(1)	-	(3)	(3)	-
Shareholders' net income from Global Health Care	337	354	(5)	1,751	1,794	(2)
After-tax adjustments required to reconcile to adjusted income from operations:						
Realized investment (gains) losses	(29)	20		(78)	(30)	
Amortization of other acquired intangible assets, net	18	20		74	84	
Special items (see details on page 2)	80	-		105	-	
<b>Adjusted income from operations</b>	<b>\$ 406</b>	<b>\$ 394</b>	<b>3 %</b>	<b>\$ 1,852</b>	<b>\$ 1,848</b>	<b>- %</b>

**Cigna Corporation**  
**Global Health Care**  
**Revenue Analysis (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Premiums:</b>						
Guaranteed cost	\$ 1,160	\$ 1,190	(3) %	\$ 4,610	\$ 4,761	(3) %
Experience-rated <sup>(1)</sup>	621	613	1	2,383	2,329	2
Stop loss	796	704	13	3,082	2,701	14
International health care	462	458	1	1,859	1,834	1
Dental	407	357	14	1,586	1,392	14
Medicare	1,546	1,529	1	6,621	6,142	8
Medicaid	286	287	-	1,146	1,102	4
Medicare Part D	244	351	(30)	1,122	1,589	(29)
Other	226	203	11	886	846	5
<b>Total Premiums</b>	<b>5,748</b>	<b>5,692</b>	<b>1</b>	<b>23,295</b>	<b>22,696</b>	<b>3</b>
Fees, including international health care	1,109	1,029	8	4,368	4,107	6
Premiums and fees	6,857	6,721	2	27,663	26,803	3
Net investment income	85	89	(4)	315	340	(7)
Mail order pharmacy revenues <sup>(2)</sup>	759	690	10	2,966	2,536	17
Other revenues <sup>(3)</sup>	61	68	(10)	255	250	2
<b>Operating revenues</b>	<b>\$ 7,762</b>	<b>\$ 7,568</b>	<b>3 %</b>	<b>\$ 31,199</b>	<b>\$ 29,929</b>	<b>4 %</b>

(1) Includes minimum premium business that has a risk profile similar to experience-rated funding arrangements. The risk portion of minimum premium revenue is reported in experience-rated medical premium whereas the self-funding portion of minimum premium revenue is reported in Fees, including international health care. 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.

(3) Includes non-risk revenues for direct channel specialty products and revenues for management services provided to independent physician associations and health plans.

**Cigna Corporation**  
**Global Health Care**  
**Ratio Analysis (unaudited)**

RATIOS:	Three Months Ended December 31,			Change Favorable (Unfavorable)	Year Ended December 31,			Change Favorable (Unfavorable)
	2016	2015			2016	2015		
<u>Medical Care Ratios:</u>								
Commercial	83.1 %	80.4 %	(2.7)	79.3 %	78.1 %	(1.2)		
Government	83.2 %	83.1 %	(0.1)	85.3 %	85.2 %	(0.1)		
Consolidated Global Health Care	83.1 %	81.4 %	(1.7)	81.6 %	80.9 %	(0.7)		
Operating Expense ratio <sup>(1)</sup>	22.0 %	22.7 %	0.7	21.5 %	21.4 %	(0.1)		

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

**PPACA – Related Taxes and Fees (unaudited)<sup>(2)</sup>**

(Dollars in millions)

	Three Months Ended December 31,				Year Ended December 31,			
	2016		2015		2016		2015	
Health insurance industry tax	\$	77	\$	78	\$	307	\$	311
Reinsurance fee		12		18		45		74
Other fees		3		4		11		16
Total PPACA-related taxes and fees	\$	92	\$	100	\$	363	\$	401

(2) These taxes and fees are primarily reported in operating expenses.



**Cigna Corporation**  
**Global Health Care**  
**Estimated Covered Lives (unaudited)**

COVERED LIVES BY FUNDING TYPE:	As of December 31,			COVERED LIVES BY MARKET SEGMENT: <sup>(5)</sup>	As of December 31,		
	2016	2015	% Change		2016	2015 <sup>(6)</sup>	% Change
<i>(Lives in thousands)</i>				<i>(Lives in thousands)</i>			
<b>Medical customers:<sup>(1)</sup></b>				<b>Medical customers:<sup>(1)</sup></b>			
Commercial risk:				U.S. Commercial:			
U.S. Guaranteed cost	871	853	2 %	National Accounts	3,572	3,719	(4) %
U.S. Experience-rated <sup>(2)</sup>	858	848	1	Middle Market	8,019	7,856	2
International health care - risk	847	801	6	Select	1,363	1,230	11
Total commercial risk <sup>(2)</sup>	2,576	2,502	3	Individual	168	204	(18)
				Small	1	2	(50)
Medicare	504	502	-	Total U.S. Commercial	13,123	13,011	1
Medicaid	62	65	(5)	International	1,508	1,421	6
Total risk	3,142	3,069	2	Total Commercial	14,631	14,432	1
				Medicare	504	502	-
				Medicaid	62	65	(5)
				Total Government	566	567	-
Total service, including international health care	12,055	11,930	1	<b>Total medical customers</b>	<b>15,197</b>	<b>14,999</b>	<b>1 %</b>
<b>Total medical customers</b>	<b>15,197</b>	<b>14,999</b>	<b>1 %</b>				
<b>Other Customer Relationships:</b>							
Behavioral care <sup>(3)</sup>	26,238	24,674	6 %				
Dental <sup>(3)</sup>	14,981	13,869	8 %				
Pharmacy <sup>(3)</sup>	8,461	8,068	5 %				
Medicare Part D <sup>(4)</sup>	972	1,476	(34) %				

(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, or they may have stand-alone dental, managed pharmacy, or behavioral care coverage. 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 250 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 250 eligible employees;

~ the Individual market segment includes individuals in thirteen states as of December 31, 2016: Arizona, California, Colorado, Connecticut, Florida, Georgia, Maryland, Missouri, New Jersey, North Carolina, South Carolina, Tennessee and Texas.

~ 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 market segment transfers resulting primarily from increased/decreased enrollment at the account level.

**Cigna Corporation**  
**Global Supplemental Benefits**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenues:</b>						
Premiums	\$ 837	\$ 771	9 %	\$ 3,226	\$ 3,000	8 %
Fees	5	5	-	21	21	-
Net investment income	28	25	12	110	103	7
Other revenues	8	4	100	28	25	12
Operating revenues	878	805	9	3,385	3,149	7
Net realized investment gains	(5)	-	N/M	(5)	-	N/M
Total revenues	873	805	8	3,380	3,149	7
<b>Benefits and Expenses:</b>						
Benefit expenses	461	426	8	1,784	1,659	8
Operating expenses <sup>(1)</sup>	336	321	5	1,235	1,183	4
Amortization of other acquired intangible assets, net	7	(12)	158	33	7	N/M
Benefits and expenses	804	735	9	3,052	2,849	7
Income before income taxes	69	70	(1)	328	300	9
Income taxes	22	5	N/M	81	47	72
(Loss) attributable to noncontrolling interests	(7)	(7)	-	(21)	(14)	(50)
Shareholders' net income from Global Supplemental Benefits	54	72	(25)	268	267	-
After-tax adjustments to reconcile to adjusted income from operations:						
Realized investment (gains) losses	5	(2)		6	(1)	
Amortization of other acquired intangible assets, net	4	(16)		20	(4)	
<b>Adjusted income from operations</b>	<b>\$ 63</b>	<b>\$ 54</b>	<b>17 %</b>	<b>\$ 294</b>	<b>\$ 262</b>	<b>12 %</b>

(1) Operating expenses include policy acquisition expenses of \$170 million for the three months and \$628 million for the year ended December 31, 2016 and \$160 million for the three months and \$607 million for the year ended December 31, 2015.

Movements in foreign currency exchange rates between reporting periods impact the comparability of reported results. In the table below, 2015 amounts are presented using 2016 actual exchange rates:

Excluding the Effect of Foreign Currency Movements:	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
(Dollars in millions)						
Premiums and fees	\$ 842	\$ 768	10 %	\$ 3,247	\$ 2,945	10 %
Adjusted income from operations	\$ 63	\$ 55	15 %	\$ 294	\$ 255	15 %

**Cigna Corporation**  
**Global Supplemental Benefits**  
**Key Metrics (unaudited)**

(Dollars in millions)

PREMIUM AND FEES BY GEOGRAPHY	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
Korea	\$ 437	\$ 386	13 %	\$ 1,665	\$ 1,520	10 %
U.S.	163	147	11	628	530	18
Taiwan	73	68	7	271	277	(2)
UK	35	54	(35)	160	213	(25)
Turkey	22	19	16	89	84	6
Other	112	102	10	434	397	9
<b>Total</b>	<b>\$ 842</b>	<b>\$ 776</b>	<b>9 %</b>	<b>\$ 3,247</b>	<b>\$ 3,021</b>	<b>7 %</b>
China Joint Venture <sup>(1)</sup>	\$ 219	\$ 172	27 %	\$ 813	\$ 616	32 %

NUMBER OF POLICIES:	As of December 31,		
	2016	2015	% Change
Global Supplemental Benefits Policies	12,151	12,888	(6) %
China Joint Venture <sup>(1)</sup>	1,651	1,438	15 %

(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 premiums and fees and policy counts from the China Joint Venture are not included in Premiums and Fees By Geography or Number of Policies. For informational purposes, the China Joint Venture premiums and fees and policy counts are presented above as if Cigna consolidated the joint venture.

**Cigna Corporation**  
**Group Disability and Life**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenues:</b>						
Premiums:						
Life	\$ 449	\$ 440	2 %	\$ 1,783	\$ 1,769	1 %
Disability	495	468	6	1,949	1,810	8
Other	66	68	(3)	270	264	2
Total premiums	1,010	976	3	4,002	3,843	4
Fees	25	22	14	96	89	8
Net investment income	90	85	6	343	337	2
Other revenues	-	2	(100)	2	2	-
Operating revenues	1,125	1,085	4	4,443	4,271	4
Net realized investment gains (losses)	21	(16)	231	59	5	N/M
Total revenues	1,146	1,069	7	4,502	4,276	5
<b>Benefits and Expenses:</b>						
Benefit expenses	804	732	10	3,354	2,934	14
Operating expenses	227	229	(1)	919	862	7
Benefits and expenses	1,031	961	7	4,273	3,796	13
Income before income taxes	115	108	6	229	480	(52)
Income taxes	32	34	(6)	65	152	(57)
Shareholders' net income from Group Disability and Life	83	74	12	164	328	(50)
After-tax adjustments to reconcile to adjusted income from operations:						
Realized investment (gains) losses	(14)	9		(39)	(4)	
<b>Adjusted income from operations</b>	<b>\$ 69</b>	<b>\$ 83</b>	<b>(17) %</b>	<b>\$ 125</b>	<b>\$ 324</b>	<b>(61) %</b>

**Cigna Corporation**  
**Corporate and Other <sup>(1)</sup>**  
**Segment Results (unaudited)**

*(Dollars in millions)*

	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	% Change	2016	2015	% Change
<b>Revenues:</b>						
Premiums	\$ 26	\$ 22	18 %	\$ 103	\$ 103	- %
Net investment income	96	96	-	379	373	2
Other revenues <sup>(2)</sup>	(2)	(1)	(100)	(10)	(6)	(67)
Operating revenues	120	117	3	472	470	-
Net realized investment gains (losses)	(3)	2	(250)	(4)	9	(144)
Total revenues	117	119	(2)	468	479	(2)
<b>Benefits and Expenses:</b>						
Benefit expenses	87	80	9	339	343	(1)
Operating expenses excluding special items <sup>(2)</sup>	106	96	10	392	367	7
Special items (see details on page 2)	43	31	39	166	166	-
Benefits and expenses	236	207	14	897	876	2
(Loss) before income taxes	(119)	(88)	(35)	(429)	(397)	(8)
Income tax (benefits)	(27)	(14)	(93)	(113)	(102)	(11)
Shareholders' net loss from Corporate and Other Operations	(92)	(74)	(24)	(316)	(295)	(7)
Adjustments to reconcile to adjusted loss from operations:						
Realized investment (gains) losses	-	1		2	(5)	
Special items (see details on page 2)	39	28		147	122	
<b>Adjusted (loss) from operations</b>	\$ (53)	\$ (45)	(18) %	\$ (167)	\$ (178)	6 %

(1) In this Quarterly Financial Supplement, Other Operations and Corporate are combined under the heading "Corporate and Other."

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

**Cigna Corporation**  
**Consolidated Balance Sheets**

(Dollars in millions)

	As of December 31, 2016 (Unaudited)	As of December 31, 2015		As of December 31, 2016 (Unaudited)	As of December 31, 2015
<b>Assets</b>			<b>Liabilities</b>		
Investments:					
Fixed maturities, at fair value (see pages 13 and 14) (amortized cost, \$19,942 and \$18,456)	\$ 20,961	\$ 19,455	Contractholder deposit funds	\$ 8,458	\$ 8,443
Equity securities, at fair value (cost, \$583 and \$190)	583	190	Future policy benefits	9,648	9,479
Commercial mortgage loans (see page 15)	1,666	1,864	Unpaid claims and claim expenses	4,917	4,574
Policy loans	1,452	1,419	Global Health Care medical costs payable	2,532	2,355
Other long-term investments	1,462	1,404	Unearned premiums	634	629
Short-term investments	691	381	Total insurance and contractholder liabilities	26,189	25,480
Total investments	26,815	24,713	Accounts payable, accrued expenses and other liabilities	6,414	6,493
Cash and cash equivalents	3,185	1,968	Short-term debt	276	149
Premiums, accounts and notes receivable, net	3,077	3,694	Long-term debt	4,756	5,020
Reinsurance recoverables <sup>(1)</sup>	6,478	6,813	Separate account liabilities	7,940	7,833
Deferred policy acquisition costs	1,818	1,659	Total liabilities	45,575	44,975
Property and equipment	1,536	1,534	Redeemable noncontrolling interests	58	69
Deferred tax assets, net	304	379	<b>Shareholders' Equity</b>		
Goodwill	5,980	6,019	Common stock	74	74
Other assets, including other intangibles <sup>(2)</sup>	2,227	2,476	Additional paid-in capital	2,892	2,859
Separate account assets	7,940	7,833	Accumulated other comprehensive loss	(1,382)	(1,250)
			Retained earnings	13,855	12,121
			Less treasury stock, at cost	(1,716)	(1,769)
			Total shareholders' equity	13,723	12,035
			Noncontrolling interests	4	9
			Total equity	13,727	12,044
<b>Total assets</b>	<b>\$ 59,360</b>	<b>\$ 57,088</b>	<b>Total liabilities and equity</b>	<b>\$ 59,360</b>	<b>\$ 57,088</b>

(1) Includes \$5.6 billion as of December 31, 2016 and \$5.8 billion as of December 31, 2015 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 \$0.8 billion as of December 31, 2016 and \$0.9 billion as of December 31, 2015 related to the GMIB liability.

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

(Dollars in millions)

Sector	As of December 31, 2016				As of December 31, 2015			
	Public	Private	Total <sup>(1)</sup>	% of Fixed Maturities	Public	Private	Total <sup>(1)</sup>	% of Fixed Maturities
United States Government	\$ 877	\$ -	\$ 877	4%	\$ 779	\$ -	\$ 779	4%
States and Local Government	1,435	-	1,435	7%	1,641	-	1,641	9%
Foreign Government	2,035	78	2,113	10%	1,948	66	2,014	10%
Government	4,347	78	4,425	21%	4,368	66	4,434	23%
Basic Industry	1,757	995	2,752	13%	1,425	1,008	2,433	12%
Capital Goods	894	999	1,893	9%	713	1,057	1,770	9%
Communications	985	58	1,043	5%	849	24	873	5%
Consumer	2,621	884	3,505	17%	2,149	1,002	3,151	16%
Electric and Utility	950	1,082	2,032	10%	845	898	1,743	9%
Energy and Natural Gas	1,072	652	1,724	8%	857	611	1,468	8%
Financial	2,406	573	2,979	14%	2,182	565	2,747	14%
Other	51	71	122	1%	188	75	263	1%
Corporate	10,736	5,314	16,050	77%	9,208	5,240	14,448	74%
Mortgage and other asset-backed	91	395	486	2%	100	473	573	3%
<b>Total Fixed Maturities <sup>(2)</sup></b>	<b>\$ 15,174</b>	<b>\$ 5,787</b>	<b>\$ 20,961</b>	<b>100%</b>	<b>\$ 13,676</b>	<b>\$ 5,779</b>	<b>\$ 19,455</b>	<b>100%</b>
% of Fixed Maturities	72%	28%	100%		70%	30%	100%	

(1) 89% of fixed maturities were investment grade as of December 31, 2016 and December 31, 2015. 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 \$66 million as of December 31, 2016 and \$34 million as of December 31, 2015. For more information, please refer to Cigna's Form 10-K for the year ended December 31, 2016 expected to be filed on February 23, 2017.

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

(Dollars in millions)

Sector	As of December 31, 2016			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States Government	\$ 658	\$ 223	\$ 4	\$ 877
State and Local Government	1,342	99	6	1,435
Foreign Government	1,998	129	14	2,113
<b>Government</b>	<b>3,998</b>	<b>451</b>	<b>24</b>	<b>4,425</b>
Basic Industry	2,658	129	35	2,752
Capital Goods	1,811	98	16	1,893
Communications	1,004	48	9	1,043
Consumer	3,405	131	31	3,505
Electric and Utility	1,927	129	24	2,032
Energy and Natural Gas	1,654	88	18	1,724
Financial	2,904	90	15	2,979
Other	120	3	1	122
<b>Corporate</b>	<b>15,483</b>	<b>716</b>	<b>149</b>	<b>16,050</b>
Mortgage and other asset-backed	461	29	4	486
<b>Total Fixed Maturities</b>	<b>\$ 19,942</b>	<b>\$ 1,196</b>	<b>\$ 177</b>	<b>\$ 20,961</b>

As of December 31, 2015			
Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
\$ 528	\$ 251	\$ -	\$ 779
1,496	147	2	1,641
1,870	147	3	2,014
<b>3,894</b>	<b>545</b>	<b>5</b>	<b>4,434</b>
2,403	101	71	2,433
1,695	93	18	1,770
836	43	6	873
3,042	130	21	3,151
1,648	113	18	1,743
1,478	49	59	1,468
2,660	97	10	2,747
260	6	3	263
<b>14,022</b>	<b>632</b>	<b>206</b>	<b>14,448</b>
540	41	8	573
<b>\$ 18,456</b>	<b>\$ 1,218</b>	<b>\$ 219</b>	<b>\$ 19,455</b>



**Cigna Corporation**  
**Summary of Commercial Mortgage Loans (unaudited)**  
**As of December 31, 2016**

(Dollars in millions)

Geographic Region	Property Type						Total <sup>(1)</sup>	% of Mortgage Loans
	Office Buildings	Apartment Buildings	Industrial	Hotels	Retail			
Massachusetts	\$ 62	\$ 55	\$ 6	\$ 89	\$ -	\$ 212	13%	
Other <sup>(2)</sup>	-	-	-	-	15	15	1%	
<b>New England</b>	<b>62</b>	<b>55</b>	<b>6</b>	<b>89</b>	<b>15</b>	<b>227</b>	<b>14%</b>	
New York	75	55	-	-	-	130	8%	
New Jersey	-	-	56	-	-	56	3%	
<b>Middle Atlantic</b>	<b>75</b>	<b>55</b>	<b>56</b>	<b>-</b>	<b>-</b>	<b>186</b>	<b>11%</b>	
Virginia	113	-	-	-	-	113	7%	
North Carolina	-	46	14	-	-	60	4%	
Maryland	36	-	-	20	-	56	3%	
Other <sup>(2)</sup>	-	20	6	-	13	39	2%	
<b>South Atlantic</b>	<b>149</b>	<b>66</b>	<b>20</b>	<b>20</b>	<b>13</b>	<b>268</b>	<b>16%</b>	
Texas	33	65	2	-	-	100	6%	
Illinois	67	-	-	-	-	67	4%	
Other <sup>(2)</sup>	-	2	70	-	-	72	4%	
<b>Central</b>	<b>100</b>	<b>67</b>	<b>72</b>	<b>-</b>	<b>-</b>	<b>239</b>	<b>14%</b>	
Other <sup>(2)</sup>	-	-	-	32	-	32	2%	
<b>Mountain</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>32</b>	<b>2%</b>	
California	173	118	127	64	93	575	35%	
Oregon	33	28	21	-	18	100	6%	
Other <sup>(2)</sup>	-	39	-	-	-	39	2%	
<b>Pacific</b>	<b>206</b>	<b>185</b>	<b>148</b>	<b>64</b>	<b>111</b>	<b>714</b>	<b>43%</b>	
<b>Totals</b>	<b>\$ 592</b>	<b>\$ 428</b>	<b>\$ 302</b>	<b>\$ 205</b>	<b>\$ 139</b>	<b>\$ 1,666</b>	<b>100%</b>	
% of Mortgage Loans	<b>36%</b>	<b>26%</b>	<b>18%</b>	<b>12%</b>	<b>8%</b>	<b>100%</b>		
Loan to Value Ratio <sup>(3)</sup>	<b>54%</b>	<b>58%</b>	<b>61%</b>	<b>57%</b>	<b>53%</b>	<b>57%</b>		

- (1) Problem and potential problem commercial mortgage loans carried at amortized cost, net of impairments, were \$21 million and \$139 million as of December 31, 2016 and December 31, 2015, respectively. For more information, please refer to the Investment Assets section in Management's Discussion and Analysis within Cigna's Form 10-K for the year ended December 31, 2016, expected to be filed on February 23, 2017.
- (2) Represents states in a region with a concentration of less than 3%.
- (3) The Loan to Value Ratios on the commercial mortgage loans that Cigna holds in its portfolio leverage internal valuations, which are estimates based on the most recent full year financial statements and budgets/projections for the next year, considering occupancy, rental rates, operating costs, and other relevant information. The values are primarily determined as part of an annual review process, which was completed in the second quarter of 2016. For more information, please refer to Cigna's Form 10-K for the year ended December 31, 2016, expected to be filed on February 23, 2017.

**Cigna Corporation**  
**Condensed Consolidated Statements of Cash Flows (unaudited)**

(Dollars in millions)

	Year Ended December 31,	
	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,843	\$ 2,077
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:		
Depreciation and amortization	610	585
Realized investment gains	(169)	(57)
Deferred income taxes	74	21
Net changes in assets and liabilities, net of non-operating effects:		
Premiums, accounts and notes receivable	663	(945)
Reinsurance recoverables	142	55
Deferred policy acquisition costs	(213)	(182)
Other assets	134	16
Insurance liabilities	683	657
Accounts payable, accrued expenses and other liabilities <sup>(1)</sup>	124	423
Current income taxes	1	(25)
Loss on extinguishment of debt	-	100
Distributions from partnership investments <sup>(3)</sup>	144	137
Other, net <sup>(2)</sup>	(10)	71
<b>Net cash provided by operating activities</b> <sup>(2), (3)</sup>	<b>4,026</b>	<b>2,933</b>
<b>Net cash used in investing activities</b> <sup>(3)</sup>	<b>(2,574)</b>	<b>(1,736)</b>
<b>Net cash used in financing activities</b> <sup>(2)</sup>	<b>(225)</b>	<b>(609)</b>
Effect of foreign currency rate changes on cash and cash equivalents	(10)	(40)
<b>Net increase in cash and cash equivalents</b>	<b>1,217</b>	<b>548</b>
Cash and cash equivalents, beginning of year	1,968	1,420
Cash and cash equivalents, end of period	\$ 3,185	\$ 1,968

(1) There were no pre-tax domestic qualified pension plan contributions made for the periods ended December 31, 2016 and contributions of \$5 million for the period ended December 31, 2015.

(2) As required by the adoption of Accounting Standards Update ("ASU") 2016-09, the Company retrospectively reclassified \$79 million of cash payments from operating to financing activities for the year ended December 31, 2015. These payments were related to employee tax obligations associated with stock compensation. The comparable amount reported in financing activities for the year ended December 31, 2016 was \$72 million.

(3) As required by the adoption of ASU 2016-15, the Company retrospectively reclassified \$137 million of cash distributions of earnings from partnership investments from investing to operating activities for the year ended December 31, 2015. The comparable amount reported in operating activities for the year ended December 31, 2016 was \$144 million.