

# **Cigna Corporation**

## **Quarterly Financial Supplement December 31, 2018**

*This document is dated February 1, 2019. 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, 2018 Quarterly Financial Supplement**  
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## **BASIS OF PRESENTATION:**

*All dollar amounts are in millions, unless otherwise noted.*

*Cigna measures its financial results on a consolidated basis using adjusted income from operations and adjusted revenues. Adjusted income from operations and adjusted 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 a substitute for the most directly comparable GAAP measures which are shareholders' net income and total revenues. Cigna also uses adjusted income from operations to measure the results of its segments, however the segment metric is determined before income taxes.*

*Adjusted income from operations is defined as shareholders' net income (or income before income taxes for the segment metric) excluding the following adjustments: net realized investment results, amortization of acquired intangible assets, special items and earnings contributions from transitioning pharmacy benefit manager clients, Anthem Inc. and Coventry Health Care, Inc. (the "transitioning clients"). Beginning in 2018, adjustments for net realized investment results include Cigna's share of certain realized investment results of its joint ventures reported using the equity method of accounting. Adjusted income from operations is used as our principle financial measure of operating performance because management believes it best presents the underlying results of operations of Cigna's businesses and permits analysis of trends in underlying revenue, expenses and profitability.*

*Adjusted revenues is defined as total revenues excluding the following adjustments: revenue contributions from transitioning clients, special items and, beginning in 2018, Cigna's share of certain realized investment results of its joint ventures reported using the equity method. These items are excluded because they are not indicative of past or future underlying performance of our businesses.*

*Effective December 31, 2018, Cigna adopted Article 5 of Regulation S-X issued by the Securities and Exchange Commission. Accordingly, our consolidated and segment results for the three months and twelve months ended December 31, 2017 have been restated to conform to this new presentation.*

*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 Integrated Medical segment results, including medical care and operating expense ratios, for the three months and twelve months ended December 31, 2017 have been updated. For more information about this presentation change and new guidance, please refer to the Significant Accounting Policies footnote to the Consolidated Financial statements in Cigna's Form 10-Q for the period ended September 30, 2018 filed on November 1, 2018.*

*Effective fourth quarter 2018, Cigna changed its external segment reporting. The primary changes are as follows: 1) the results of Cigna's home delivery pharmacy business are now reflected in the Health Services segment along with financial results of Express Scripts, acquired on December 20, 2018, 2) the results of Cigna's Medicare Supplement business are now reflected in the Integrated Medical segment, 3) the results of Cigna's international expatriate benefits business are now reflected in the International Markets segment, 4) the results of Cigna's Group, Disability and Life business are now reflected with the remainder of Cigna's operations in Group Disability and Other. Prior period segment information has been conformed to the current segments. See Cigna's Form 8-K filed on January 23, 2019 for additional information.*

*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)**

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Total revenues</b>	\$ 14,300	\$ 10,632	34 %	\$ 48,650	\$ 41,806	16 %
Revenue contributions from transitioning clients	(459)	-	N/M	(459)	-	N/M
Net realized investment losses from equity method investments	20	-	N/M	43	-	N/M
Special item included in transaction-related costs	(110)	-	N/M	(123)	-	N/M
Adjusted revenues	\$ 13,751	\$ 10,632	29 %	\$ 48,111	\$ 41,806	15 %
<b>Shareholders' net income</b>	\$ 144	\$ 266	(46) %	\$ 2,637	\$ 2,237	18 %
<b>Pre-Tax Adjusted Income (Loss) From Operations by Segment</b>						
Integrated Medical	\$ 643	\$ 520	24 %	\$ 3,502	\$ 2,922	20 %
Health Services	153	76	101	380	288	32
International Markets	120	139	(14)	735	654	12
Group Disability and Other	109	107	2	529	517	2
Corporate	(148)	(99)	(49)	(403)	(375)	(7)
Consolidated pre-tax adjusted income from operations	\$ 877	\$ 743	18 %	\$ 4,743	\$ 4,006	18 %
Adjusted income tax expense	230	260	(12)	1,186	1,338	(11)
Consolidated after-tax adjusted income from operations	\$ 647	\$ 483	34 %	\$ 3,557	\$ 2,668	33 %
<b>Diluted earnings per share</b>						
<b>Shareholders' net income</b>	\$ 0.55	\$ 1.07	(49) %	\$ 10.54	\$ 8.77	20 %
After-tax adjustments to reconcile to adjusted income from operations						
Adjustment for transitioning clients	(0.18)	-		(0.19)	-	
Net realized investment (gains) losses <sup>(1)</sup>	0.22	(0.06)		0.42	(0.61)	
Amortization of acquired intangible assets	0.39	0.05		0.71	0.26	
<b>Special items</b>						
Transaction-related costs	1.53	0.10		2.67	0.13	
Charges associated with litigation matters	(0.06)	-		0.08	-	
U.S. tax reform	0.01	0.78		(0.01)	0.77	
Debt extinguishment costs	-	-		-	0.82	
Long-term care guaranty fund assessment	-	-		-	0.32	
Adjusted income from operations	\$ 2.46	\$ 1.94	27 %	\$ 14.22	\$ 10.46	36 %
Weighted average shares (in thousands)	263,421	249,181		250,200	255,072	
<b>Adjusted EBITDA<sup>(2)</sup></b>	\$ 1,073	\$ 917	17 %	\$ 5,470	\$ 4,703	16 %
<b>Operating cash flow (see page 11)</b>	\$ 221	\$ 575	(62) %	\$ 3,865	\$ 4,086	(5) %
<b>SG&amp;A expense ratio<sup>(3)</sup></b>	21.7 %	25.0 %	330 bps	23.2 %	23.5 %	30 bps
<b>CUSTOMER RELATIONSHIPS</b>						
	As of December 31,					
(Relationships, lives and policies in thousands)	2018	2017	% Change			
Total Medical Customers (see page 5)	16,961	16,377	4 %			
Pharmacy excluding transitioning clients	73,230	8,960	N/M			
Behavioral care	27,215	26,849	1			
Dental	16,544	15,801	5			
Medicare Part D	3,295	821	N/M			
International Markets policies	12,569	11,838	6			
Group Disability and Life covered lives (estimated) <sup>(4)</sup>	14,800	15,300	(3)			
Total customer relationships	164,614	95,946	72 %			

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-K for the period ended December 31, 2018, expected to be filed on February 28, 2019 for additional details.

- (1) Beginning in 2018, includes Cigna's share of the realized investment results of its joint ventures reported using the equity method of accounting.
- (2) Adjusted income from operations excluding interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP measure, defined as shareholders' net income excluding income taxes, contributions from transitioning clients and the before-tax impact of special items, interest expense, total depreciation and amortization, and net realized investment results.
- (3) SG&A expense ratio is calculated as follows: Cigna's total selling, general and administrative expenses excluding special items and expenses from transitioning clients divided by Cigna's consolidated adjusted revenues.
- (4) Group Disability and Life estimated covered lives as of December 31, 2017 has been revised to reflect final lives as reported in Cigna's 2017 10-K.

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

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Revenues</b>						
Premiums	\$ 9,108	\$ 8,208	11 %	\$ 36,113	\$ 32,491	11 %
Fees and other revenues	1,491	1,328	12	5,578	5,110	9
Pharmacy revenues	3,257	779	N/M	5,479	2,979	84
Net investment income including special items	444	317	40	1,480	1,226	21
Total revenues	14,300	10,632	34	48,650	41,806	16
Revenue contributions from transitioning clients	(459)	-	N/M	(459)	-	N/M
Adjustment for net realized investment results from equity method subsidiaries <sup>(1)</sup>	20	-	N/M	43	-	N/M
Special item included in transaction-related costs <sup>(2)</sup>	(110)	-	N/M	(123)	-	N/M
Adjusted revenues	13,751	10,632	29	48,111	41,806	15
<b>Benefits and expenses</b>						
Medical costs and other benefit expenses	7,108	6,535	9	27,528	25,263	9
Pharmacy and other service costs	3,017	637	N/M	4,793	2,456	95
Selling, general and administrative expenses excluding special items	2,997	2,654	13	11,159	9,831	14
Amortization of acquired intangible assets	136	27	N/M	235	115	104
Special items	440	(18)	N/M	775	199	N/M
Total operating expenses	13,698	9,835	39	44,490	37,864	17
<b>Income from operations</b>	<b>602</b>	<b>797</b>	<b>(24)</b>	<b>4,160</b>	<b>3,942</b>	<b>6</b>
Interest expense and other	(145)	(62)	(134)	(271)	(252)	(8)
Interest special item	(184)	-	N/M	(227)	-	N/M
Debt extinguishment charges	-	-	N/M	-	(321)	100
Net realized investment gains (losses)	(45)	23	(296)	(81)	237	(134)
<b>Income before income taxes</b>	<b>228</b>	<b>758</b>	<b>(70)</b>	<b>3,581</b>	<b>3,606</b>	<b>(1)</b>
Total income taxes	81	491	(84)	935	1,374	(32)
<b>Net income</b>	<b>147</b>	<b>267</b>	<b>(45)</b>	<b>2,646</b>	<b>2,232</b>	<b>19</b>
Less: Net income (loss) attributable to noncontrolling interests	3	1	200	9	(5)	280
<b>Shareholders' net income</b>	<b>144</b>	<b>266</b>	<b>(46)</b>	<b>2,637</b>	<b>2,237</b>	<b>18</b>
<b>After-tax adjustments to reconcile adjusted income from operations</b>						
Adjustment for transitioning clients	(47)	-		(47)	-	
Net realized investment (gains) losses <sup>(1)</sup>	58	(16)		104	(156)	
Amortization of acquired intangible assets	103	12		177	66	
<b>Special items</b>						
Transaction-related costs	402	25		669	33	
Charges associated with litigation matters	(16)	-		19	-	
U.S. tax reform	3	196		(2)	196	
Debt extinguishment costs	-	-		-	209	
Long-term care guaranty fund assessment	-	-		-	83	
<b>Adjusted income from operations</b>	<b>\$ 647</b>	<b>\$ 483</b>	<b>34 %</b>	<b>\$ 3,557</b>	<b>\$ 2,668</b>	<b>33 %</b>

Effective December 31, 2018, Cigna adopted Article 5 of Regulation S-X issued by the Securities and Exchange Commission. Cigna reclassified realized investment gains and (losses) from revenue and now reports them below income from operations with interest expense in the statements of income, in conformity with Article 5. Effective January 1, 2018, Cigna adopted amended accounting guidance for revenue recognition. Prior year results have been restated to reflect this presentation change and standard adoption. Please refer to the Significant Accounting Policies footnote within Cigna's Form 10-K for the period ended December 31, 2018, expected to be filed on February 28, 2019 for additional details.

- (1) Beginning in 2018, Cigna's share of certain realized investment results of its joint ventures reported using the equity method of accounting in fees and other revenues is excluded from adjusted revenues and adjusted income from operations.
- (2) For additional information related to net investment income included in transaction-related costs, please refer to Note 3 to the Consolidated Financial Statements in Cigna's Form 10-K for the year ended December 31, 2018, expected to be filed on February 28, 2019.

**Cigna Corporation**  
**Integrated Medical**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Revenues</b>						
Premiums	\$ 6,794	\$ 5,941	14 %	\$ 26,848	\$ 23,631	14 %
Fees and other revenues	1,392	1,323	5	5,484	5,038	9
Net investment income	111	102	9	459	366	25
Total revenues	<u>8,297</u>	<u>7,366</u>	13	<u>32,791</u>	<u>29,035</u>	13
Adjusted revenues <sup>(1)</sup>	<u>8,297</u>	<u>7,366</u>	13	<u>32,791</u>	<u>29,035</u>	13
<b>Benefits and Expenses</b>						
Medical costs	5,495	4,962	11	21,191	19,131	11
Selling, general and administrative expenses excluding special items	2,159	1,884	15	8,098	6,983	16
Special items	(20)	-	N/M	25	106	(76)
Amortization of acquired intangible assets	17	22	(23)	99	93	6
Total operating expenses	<u>7,651</u>	<u>6,868</u>	11	<u>29,413</u>	<u>26,313</u>	12
<b>Income from operations</b>	<u>646</u>	<u>498</u>	30	<u>3,378</u>	<u>2,722</u>	24
Net realized investment gains (losses)	(24)	5	N/M	(36)	137	(126)
<b>Income before income taxes</b>	<u>622</u>	<u>503</u>	24	<u>3,342</u>	<u>2,859</u>	17
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>						
Pre-tax loss attributable to noncontrolling interests	-	-		-	1	
Net realized investment (gains) losses	24	(5)		36	(137)	
Amortization of acquired intangible assets	17	22		99	93	
Special items	(20)	-		25	106	
<b>Pre-tax adjusted income from operations</b>	<u>\$ 643</u>	<u>\$ 520</u>	24 %	<u>\$ 3,502</u>	<u>\$ 2,922</u>	20 %
<b>Pre-tax adjusted margin</b>	<u>7.7 %</u>	<u>7.1 %</u>	60 bps	<u>10.7 %</u>	<u>10.1 %</u>	60 bps

(1) There are no revenue adjustments in the Integrated Medical segment for the periods presented.

**Cigna Corporation**  
**Integrated Medical**  
**Revenue and Medical Care Ratio (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Premiums:</b>						
<b>Commercial Premiums</b>						
Risk	\$ 2,759	\$ 2,434	13 %	\$ 10,710	\$ 9,439	13 %
Stop loss	1,025	901	14	4,008	3,483	15
Other	261	232	13	1,038	917	13
Total Commercial premiums	4,045	3,567	13	15,756	13,839	14
<b>Government Premiums</b>						
Medicare Advantage	1,418	1,360	4	5,832	5,534	5
Medicare Part D	190	163	17	764	764	-
Other	1,141	851	34	4,496	3,494	29
Total Government premiums	2,749	2,374	16	11,092	9,792	13
Total premiums	6,794	5,941	14	26,848	23,631	14
Fees and other revenues	1,392	1,323	5	5,484	5,038	9
Net investment income	111	102	9	459	366	25
<b>Total revenues</b>	<b>\$ 8,297</b>	<b>\$ 7,366</b>	<b>13 %</b>	<b>\$ 32,791</b>	<b>\$ 29,035</b>	<b>13 %</b>
<b>Medical Care Ratio</b>	<b>80.9 %</b>	<b>83.5 %</b>	<b>260 bps</b>	<b>78.9 %</b>	<b>81.0 %</b>	<b>210 bps</b>

**Cigna Corporation**  
**Total Medical Customers (unaudited)**

COVERED LIVES BY FUNDING TYPE:	As of December 31,			COVERED LIVES BY MARKET SEGMENT: <sup>(3)</sup>	As of December 31,		
	2018	2017	% Change		2018	2017 <sup>(4)</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	1,911	1,792	7 %	National Accounts	3,710	3,699	- %
Government risk				Middle Market	8,054	7,912	2
Medicare Advantage	436	432	1	Select	2,217	1,981	12
Other <sup>(2)</sup>	971	803	21	Small	1	1	-
Total government risk	1,407	1,235	14	Total Commercial	13,982	13,593	3
Services only customers - Integrated Medical	12,071	11,801	2	Total Government	1,407	1,235	14
Total Integrated Medical	15,389	14,828	4	Total Integrated Medical	15,389	14,828	4
International Markets	1,572	1,549	1	International Markets	1,572	1,549	1
<b>Total medical customers</b>	<b>16,961</b>	<b>16,377</b>	<b>4 %</b>	<b>Total medical customers</b>	<b>16,961</b>	<b>16,377</b>	<b>4 %</b>

(1) Includes individuals in our Integrated Medical and International Markets segments 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 Medicaid, Medicare Supplement and Individual customers. As of December 31, 2018, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (296,000 customers), off-exchange ACA business (11,000 customers) and off-exchange non ACA business (36,000 customers).

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

~ 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, Medicare Supplement and Medicaid products as managed care alternatives to publicly funded healthcare programs. The segment also offers individual health insurance coverage both on and off the public exchanges.

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

(4) Prior year lives have been reclassified to reflect current market segment presentation at the employer level, according to the definitions discussed in note 3. Additionally, prior year lives for Middle Market and Select market segments have been updated to reflect those definitions.



**Cigna Corporation**  
**Health Services**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Revenues</b>						
Pharmacy revenues	\$ 3,649	\$ 1,119	226 %	\$ 6,937	\$ 4,238	64 %
Fees and other revenues	119	-	N/M	119	-	N/M
Net investment income	4	1	300	9	3	200
Total revenues	3,772	1,120	237	7,065	4,241	67
Revenue contributions from transitioning clients	(459)	-	N/M	(459)	-	N/M
Adjusted revenues	3,313	1,120	196	6,606	4,241	56
<b>Benefits and Expenses</b>						
Pharmacy and other service costs	3,459	1,021	239	6,461	3,870	67
Gross profit	313	99	216	604	371	63
Selling, general and administrative expenses excluding special items	98	23	N/M	162	83	95
Amortization of acquired intangible assets	113	-	N/M	113	-	N/M
<b>Income from operations</b>	102	76	34	329	288	14
<b>Income before income taxes</b>	102	76	34	329	288	14
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>						
Adjustment for transitioning clients	(62)	-		(62)	-	
Amortization of acquired intangible assets	113	-		113	-	
<b>Pre-tax adjusted income from operations</b>	\$ 153	\$ 76	101 %	\$ 380	\$ 288	32 %
<b>Pre-tax adjusted margin</b>	4.6 %	6.8 %	(220) bps	5.8 %	6.8 %	(100) bps

Cigna's Health Services segment results include the financial results of Express Scripts for the period following the completion of the combination on December 20, 2018.

**Cigna Corporation**  
**International Markets**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Revenues</b>						
Premiums	\$ 1,276	\$ 1,205	6 %	\$ 5,043	\$ 4,619	9 %
Fees and other revenues	23	31	(26)	131	155	(15)
Net investment income	36	32	13	149	127	17
Total revenues	1,335	1,268	5	5,323	4,901	9
Net realized investment losses from equity method investments	20	-	N/M	43	-	N/M
Adjusted revenues <sup>(1)</sup>	1,355	1,268	7	5,366	4,901	9
<b>Benefits and Expenses</b>						
Medical costs and other benefit expenses	760	693	10	2,896	2,658	9
Selling, general and administrative excluding special items <sup>(2)</sup>	464	435	7	1,714	1,590	8
Amortization of acquired intangible assets	5	4	25	18	17	6
Total operating expenses	1,229	1,132	9	4,628	4,265	9
<b>Income from operations</b>	106	136	(22)	695	636	9
Interest expense and other	(7)	-	N/M	(7)	-	N/M
Net realized investment gains (losses)	(9)	18	(150)	(18)	31	(158)
<b>Income before income taxes</b>	90	154	(42)	670	667	-
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Pre-tax (income) loss attributable to noncontrolling interests	(4)	(1)		(14)	1	
Net realized investment (gains) losses	29	(18)		61	(31)	
Amortization of acquired intangible assets	5	4		18	17	
<b>Pre-tax adjusted income from operations <sup>(1)</sup></b>	\$ 120	\$ 139	(14) %	\$ 735	\$ 654	12 %
<b>Pre-tax adjusted margin</b>	8.9 %	11.0 %	(210) bps	13.7 %	13.3 %	40 bps

(1) Beginning in 2018, Cigna's share of the realized investment results of its joint ventures reported using the equity method of accounting in fees and other revenues is excluded from total adjusted revenues and adjusted income from operations.

(2) Selling, general and administrative expenses include policy acquisition expenses of \$188 million for the three months and \$702 million for the year ended December 31, 2018 and \$171 million for the three months and \$626 million for the year ended December 31, 2017.

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

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
<b>Revenues</b>						
Premiums	\$ 1,041	\$ 1,065	(2) %	\$ 4,235	\$ 4,253	- %
Fees and other revenues	31	32	(3)	114	122	(7)
Net investment income	174	176	(1)	712	700	2
Total revenues	1,246	1,273	(2)	5,061	5,075	-
Adjusted revenues <sup>(1)</sup>	1,246	1,273	(2)	5,061	5,075	-
<b>Benefits and Expenses</b>						
Benefit expenses	863	883	(2)	3,461	3,486	(1)
Selling, general and administrative expenses excluding special items	273	283	(4)	1,070	1,072	-
Special items	-	(56)	100	2	(33)	106
Amortization of acquired intangible assets	1	1	-	5	5	-
Total operating expenses	1,137	1,111	2	4,538	4,530	-
<b>Income from operations</b>	<b>109</b>	<b>162</b>	<b>(33)</b>	<b>523</b>	<b>545</b>	<b>(4)</b>
Interest expense and other	(1)	-	N/M	(1)	-	N/M
Net realized investment gains (losses)	(11)	-	N/M	(25)	69	(136)
<b>Income before income taxes</b>	<b>97</b>	<b>162</b>	<b>(40)</b>	<b>497</b>	<b>614</b>	<b>(19)</b>
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Net realized investment (gains) losses	11	-		25	(69)	
Amortization of acquired intangible assets	1	1		5	5	
Special items	-	(56)		2	(33)	
<b>Pre-tax adjusted income from operations</b>	<b>\$ 109</b>	<b>\$ 107</b>	<b>2 %</b>	<b>\$ 529</b>	<b>\$ 517</b>	<b>2 %</b>
<b>Pre-tax adjusted margin</b>	<b>8.7 %</b>	<b>8.4 %</b>	<b>30 bps</b>	<b>10.5 %</b>	<b>10.2 %</b>	<b>30 bps</b>

(1) There are no revenue adjustments in Group Disability and Other for the periods presented.

**Cigna Corporation**  
**Corporate**  
**Earnings (unaudited)**

(Dollars in millions)

	Three Months Ended December 31,			Year Ended December 31,		
	2018	2017	% Change	2018	2017	% Change
Total revenues and eliminations including special items <sup>(1)</sup>	\$ (350)	\$ (395)	11 %	\$ (1,590)	\$ (1,446)	(10) %
Special item reported in transaction-related costs <sup>(2)</sup>	(110)	-	N/M	(123)	-	N/M
Adjusted revenues	(460)	(395)	(16)	(1,713)	(1,446)	(18)
Total expenses and eliminations excluding special items <sup>(1)</sup>	(449)	(358)	(25)	(1,573)	(1,323)	(19)
Special items	460	38	N/M	748	126	N/M
Total expenses and eliminations	11	(320)	103	(825)	(1,197)	31
<b>(Loss) from operations</b>	<b>(361)</b>	<b>(75)</b>	<b>N/M</b>	<b>(765)</b>	<b>(249)</b>	<b>(207)</b>
Interest expense and other excluding interest special item	(137)	(62)	N/M	(263)	(252)	(4)
Interest special item	(184)	-	N/M	(227)	-	N/M
Debt extinguishment costs	-	-	N/M	-	(321)	100
Net realized investment (losses)	(1)	-	N/M	(2)	-	N/M
<b>(Loss) before income taxes</b>	<b>(683)</b>	<b>(137)</b>	<b>N/M</b>	<b>(1,257)</b>	<b>(822)</b>	<b>(53)</b>
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Net realized investment losses	1	-		2	-	
Special items	534	38		852	447	
<b>Pre-tax adjusted (loss) from operations</b>	<b>\$ (148)</b>	<b>\$ (99)</b>	<b>(49) %</b>	<b>\$ (403)</b>	<b>\$ (375)</b>	<b>(7) %</b>

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

(2) For additional information related to net investment income included in transaction-related costs, please refer to Note 3 to the Consolidated Financial Statements in Cigna's Form 10-K for the year ended December 31, 2018, expected to be filed on February 28, 2019.

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

(Dollars in millions)

	As of December 31, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)		As of December 31, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)
<b>Assets</b>			<b>Liabilities</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	\$ 3,855	\$ 2,972	Insurance and contractholder liabilities <sup>(2)</sup>	\$ 6,801	\$ 6,317
Investments	2,045	2,136	Pharmacy and service costs payable	10,702	305
Accounts receivable, net	10,473	3,155	Accounts payable and other accrued expenses	11,574	4,147
Inventories	2,821	228	Short-term debt and current maturities of long-term debt	<u>2,955</u>	<u>240</u>
Other current assets	<u>1,593</u>	<u>820</u>	Total current liabilities	<u>32,032</u>	<u>11,009</u>
Total current assets	20,787	9,311			
Long-term investments	26,929	26,483	Insurance and contractholder liabilities	19,974	20,530
Reinsurance recoverables <sup>(1)</sup>	5,507	5,763	Other non-current liabilities including deferred tax liabilities	13,150	2,838
Deferred policy acquisition costs	2,388	2,237	Long-term debt	39,523	5,199
Property and equipment	4,562	1,563	Separate account liabilities	<u>7,839</u>	<u>8,423</u>
Goodwill and other intangibles	83,941	6,509	Total liabilities	<u>112,518</u>	<u>47,999</u>
Other assets including deferred tax assets	1,630	1,470			
Separate account assets	7,839	8,423	Redeemable noncontrolling interests	37	49
			<b>Shareholders' Equity</b>		
			Common stock	4	74
			Additional paid-in capital	27,751	2,940
			Accumulated other comprehensive (loss)	(1,711)	(1,082)
			Retained earnings	15,088	15,800
			Less treasury stock, at cost	(104)	(4,021)
			Total shareholders' equity	<u>41,028</u>	<u>13,711</u>
<b>Total assets</b>	<b>\$ 153,583</b>	<b>\$ 61,759</b>	<b>Total liabilities and equity</b>	<b>\$ 153,583</b>	<b>\$ 61,759</b>

Effective December 31, 2018 Cigna adopted Article 5 of Regulation S-X issued by the Securities and Exchange Commission. As a result, the Company now presents current assets and liabilities on its balance sheet. Effective January 1, 2018, Cigna adopted amended accounting guidance for revenue recognition. Prior year results have been restated to reflect this presentation change and standard adoption. Please refer to the Significant Accounting Policies footnote in Cigna's Form 10-K for the period ended December 31, 2018 expected to be filed on February 28, 2019 for additional details.

On December 20, 2018, Cigna completed its acquisition of Express Scripts. Purchase accounting is preliminary as of the publication date of this document and certain balance sheet accounts have been combined for presentation. Please refer to Cigna's Form 10-K for the period ended December 31, 2018 expected to be filed on February 28, 2019 for an updated balance sheet.

- (1) Includes \$4.99 billion as of December 31, 2018 and \$5.21 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 Insurance and contractholder liabilities.
- (2) Insurance and contractholder liabilities includes \$2.70 billion as of December 31, 2018 and \$2.42 billion as of December 31, 2017 for medical costs payable in the Integrated Medical Segment. For additional details about this balance, see the Unpaid Claims and Claim Expenses rollforward in the Insurance and Contractholder Liabilities footnote in Cigna's Form 10-K for the period ended December 31, 2018, expected to be filed on February 28, 2019.

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

(Dollars in millions)

	Year Ended December 31,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 2,646	\$ 2,232
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	686	566
Realized investment (gains) losses	81	(237)
Deferred income taxes (benefits)	(100)	242
Other, primarily net changes in assets and liabilities, net of non-operating effects	552	1,283
<b>Net cash provided by operating activities <sup>(1)</sup></b>	<b>3,865</b>	<b>4,086</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisitions and dispositions, net of cash acquired	(24,527)	(209)
Other, net	(1,941)	(1,494)
<b>Net cash used in investing activities</b>	<b>(26,468)</b>	<b>(1,703)</b>
<b>Net cash provided by (used in) financing activities <sup>(2)</sup></b>	<b>23,515</b>	<b>(2,651)</b>
Effect of foreign currency rate changes on cash and cash equivalents	(29)	55
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>883</b>	<b>(213)</b>
Cash and cash equivalents, beginning of year	2,972	3,185
Cash and cash equivalents, end of year	\$ 3,855	\$ 2,972

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

(2) Includes \$22,856 million for the issuance of long-term debt, \$1,487 million for the issuance of short-term debt and \$131 million for the repayment of long-term debt for the twelve months ended December 31, 2018. Includes \$1,563 million for the early extinguishment and repayment of long-term debt and \$1,581 million for the issuance of long-term debt for the twelve months ended December 31, 2017.

**Cigna Corporation**  
**Summary of Fixed Maturities by Sector (unaudited)**  
**Fair Value**

(Dollars in millions)

Sector	As of December 31, 2018				As of December 31, 2017			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 507	\$ 204	\$ 1	\$ 710	\$ 541	\$ 239	\$ 1	\$ 779
State and local government	920	66	1	985	1,196	93	2	1,287
Foreign government	2,214	155	7	2,362	2,360	142	15	2,487
Government	3,641	425	9	4,057	4,097	474	18	4,553
Basic industry	3,309	82	80	3,311	2,973	173	14	3,132
Capital goods	2,295	56	64	2,287	1,967	102	10	2,059
Communications	964	23	20	967	1,091	46	5	1,132
Consumer	3,948	73	122	3,899	3,872	175	14	4,033
Electric and utility	2,264	91	50	2,305	2,187	167	12	2,342
Energy and natural gas	1,651	37	42	1,646	1,680	93	9	1,764
Financial	3,794	48	68	3,774	3,357	109	12	3,454
Other	178	1	7	172	174	3	5	172
Corporate	18,403	411	453	18,361	17,301	868	81	18,088
Mortgage and other asset-backed	506	16	12	510	469	29	1	497
<b>Total fixed maturities</b>	<b>\$ 22,550</b>	<b>\$ 852</b>	<b>\$ 474</b>	<b>\$ 22,928</b>	<b>\$ 21,867</b>	<b>\$ 1,371</b>	<b>\$ 100</b>	<b>\$ 23,138</b>