

Cigna Corporation

Quarterly Financial Supplement June 30, 2018

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Cigna Corporation
June 30, 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 and six months ended June 30, 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 June 30, 2018 expected to be filed on August 2, 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 June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
REVENUES						
Total revenues	\$ 11,477	\$ 10,425	10 %	\$ 22,857	\$ 20,899	9 %
Net realized investment losses (gains) ⁽¹⁾	23	(51)	145	58	(97)	160
Operating revenues	\$ 11,500	\$ 10,374	11 %	\$ 22,915	\$ 20,802	10 %
Operating Revenues by Segment						
Global Health Care	\$ 9,150	\$ 8,192	12 %	\$ 18,239	\$ 16,479	11 %
Global Supplemental Benefits	1,106	955	16	2,208	1,864	18
Group Disability and Life	1,127	1,112	1	2,243	2,233	-
Corporate and Other	117	115	2	225	226	-
Consolidated operating revenues	\$ 11,500	\$ 10,374	11 %	\$ 22,915	\$ 20,802	10 %
SHAREHOLDERS' NET INCOME						
Shareholders' net income	\$ 806	\$ 813	(1) %	\$ 1,721	\$ 1,411	22 %
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment losses (gains) ⁽¹⁾	22	(34)		47	(65)	
Amortization of other acquired intangibles assets	18	18		38	38	
Special items (see details on page 2)	109	(47)		159	85	
Adjusted income from operations	\$ 955	\$ 750	27 %	\$ 1,965	\$ 1,469	34 %
Adjusted Income (Loss) From Operations by Segment						
Global Health Care	\$ 789	\$ 591	34 %	\$ 1,660	\$ 1,201	38 %
Global Supplemental Benefits	118	105	12	230	179	28
Group Disability and Life	103	83	24	170	151	13
Ongoing operations	1,010	779	30	2,060	1,531	35
Corporate and Other	(55)	(29)	(90)	(95)	(62)	(53)
Total adjusted income from operations	\$ 955	\$ 750	27 %	\$ 1,965	\$ 1,469	34 %
Diluted earnings per share:						
Shareholders' net income	\$ 3.29	\$ 3.15	4 %	\$ 7.01	\$ 5.45	29 %
Adjusted income from operations	\$ 3.89	\$ 2.91	34 %	\$ 8.00	\$ 5.67	41 %
Adjusted income from operations, excluding interest, taxes, depreciation and amortization ⁽²⁾	\$ 1,448	\$ 1,302	11 %	\$ 2,958	\$ 2,551	16 %
CUSTOMER RELATIONSHIPS						
	As of June 30,			As of December 31,		
(Relationships, lives and policies in thousands)	2018	2017	% Change	2017		% Change
Global Health Care Medical Customers (see page 7)	16,236	15,654	4 %	15,907		2 %
Other Customer Relationships: (see page 7)						
Behavioral care	27,069	26,014	4	26,849		1
Dental	16,506	15,760	5	15,801		4
Pharmacy	8,794	8,902	(1)	8,960		(2)
Medicare Part D	771	823	(6)	821		(6)
Global Supplemental Benefit Policies (see page 9)	13,604	13,058	4	13,138		4
Group Disability and Life covered lives (estimated) ⁽³⁾	15,300	15,600	(2)	15,300		-
Total customer relationships	98,280	95,811	3 %	96,776		2 %

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 June 30, 2018, expected to be filed on August 2, 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 Earnings Per Share		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 June 30,												
Shareholders' net income (loss)	\$3.29	\$3.15	\$806	\$813	\$780	\$599	\$86	\$101	\$107	\$97	\$(167)	\$16
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Net realized investment losses (gains) ⁽¹⁾	0.09	(0.13)	22	(34)	(4)	(22)	27	-	(4)	(14)	3	2
Amortization of other acquired intangible assets	0.07	0.07	18	18	13	14	5	4	-	-	-	-
Special item:												
Transaction-related costs ⁽²⁾	0.44	(0.18)	109	(47)	-	-	-	-	-	-	109	(47)
Adjusted income (loss) from operations	\$3.89	\$2.91	\$955	\$750	\$789	\$591	\$118	\$105	\$103	\$83	\$(55)	\$(29)
Weighted average shares (in thousands)	245,339	258,061										
Special item, pre-tax:												
Transaction-related costs ⁽²⁾			\$130	\$16	\$-	\$-	\$-	\$-	\$-	\$-	\$130	\$16
Total			\$130	\$16	\$-	\$-	\$-	\$-	\$-	\$-	\$130	\$16

(Dollars in millions, except per share amounts)

	Diluted Earnings Per Share		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
Six Months Ended June 30,												
Shareholders' net income (loss)	\$7.01	\$5.45	\$1,721	\$1,411	\$1,622	\$1,143	\$191	\$178	\$161	\$156	\$(253)	\$(66)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Net realized investment losses (gains) ⁽¹⁾	0.19	(0.25)	47	(65)	11	(38)	28	(9)	9	(20)	(1)	2
Amortization of other acquired intangible assets	0.15	0.15	38	38	27	28	11	10	-	-	-	-
Special items:												
Transaction-related costs ⁽²⁾	0.65	-	159	2	-	-	-	-	-	-	159	2
Long-term care guaranty fund assessment	-	0.32	-	83	-	68	-	-	-	15	-	-
Adjusted income (loss) from operations	\$8.00	\$5.67	\$1,965	\$1,469	\$1,660	\$1,201	\$230	\$179	\$170	\$151	\$(95)	\$(62)
Weighted average shares (in thousands)	245,564	258,913										
Common shares outstanding as of June 30, (in thousands)	243,340	252,859										
Special items, pre-tax:												
Transaction-related costs ⁽²⁾			\$190	\$79	\$-	\$-	\$-	\$-	\$-	\$-	\$190	\$79
Long-term care guaranty fund assessment			-	129	-	106	-	-	-	23	-	-
Total			\$190	\$208	\$-	\$106	\$-	\$-	\$-	\$23	\$190	\$79

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

(2) For additional information related to a one-time tax benefit of approximately \$60 million recorded in the second quarter of 2017, please refer to Note 3 to the Consolidated Financial Statements in Cigna's Form 10-Q for the period ended June 30, 2018 expected to be filed on August 2, 2018.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 9,012	\$ 8,057	12 %	\$ 18,011	\$ 16,208	11 %
Fees	1,360	1,239	10	2,713	2,487	9
Net investment income	352	308	14	681	611	11
Mail order pharmacy revenues	758	757	-	1,475	1,467	1
Other revenues	(2)	13	(115)	13	29	(55)
Net realized investment (losses) gains	(3)	51	(106)	(36)	97	(137)
Total revenues	11,477	10,425	10	22,857	20,899	9
Less: Net realized investment (losses) gains	(3)	51	(106)	(36)	97	(137)
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	(20)	-	N/M	(22)	-	N/M
Consolidated operating revenues	11,500	10,374	11	22,915	20,802	10
Benefits and Expenses:						
Global Health Care medical costs	5,421	4,890	11	10,738	9,839	9
Other benefit expenses	1,424	1,335	7	2,879	2,702	7
Mail order pharmacy costs	613	626	(2)	1,174	1,207	(3)
Operating expenses excluding special items	2,592	2,224	17	5,162	4,511	14
Depreciation and amortization:						
Amortization of other acquired intangible assets	24	28	(14)	51	60	(15)
Depreciation and other amortization	112	112	-	225	226	-
Total depreciation and amortization	136	140	(3)	276	286	(3)
Interest expense	59	60	(2)	118	122	(3)
Special items (see details on page 2)	130	16	N/M	190	208	(9)
Total benefits and expenses	10,375	9,291	12	20,537	18,875	9
Income before income taxes	1,102	1,134	(3)	2,320	2,024	15
Income taxes:						
Current	297	304	(2)	589	590	-
Deferred	(3)	20	(115)	6	31	(81)
Total taxes	294	324	(9)	595	621	(4)
Net income	808	810	-	1,725	1,403	23
Less: Income (loss) attributable to noncontrolling interests	2	(3)	167	4	(8)	150
Shareholders' net income	\$ 806	\$ 813	(1) %	\$ 1,721	\$ 1,411	22 %

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 June 30, 2018, expected to be filed on August 2, 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 June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 6,924	\$ 6,128	% 13	\$ 13,853	\$ 12,387	12 %
Fees	1,333	1,213	10	2,659	2,433	9
Net investment income	125	92	36	240	184	30
Mail order pharmacy revenues	758	757	-	1,475	1,467	1
Other revenues	10	2	N/M	12	8	50
Net realized investment gains (losses)	<u>5</u>	<u>32</u>	(84)	<u>(15)</u>	<u>58</u>	(126)
Total revenues	9,155	8,224	11	18,224	16,537	10
Less: Net realized investment gains (losses)	<u>5</u>	<u>32</u>	(84)	<u>(15)</u>	<u>58</u>	(126)
Operating revenues	<u>9,150</u>	<u>8,192</u>	12	<u>18,239</u>	<u>16,479</u>	11
Benefits and Expenses:						
Global Health Care medical costs	5,421	4,890	11	10,738	9,839	9
Mail order pharmacy costs	613	626	(2)	1,174	1,207	(3)
Operating expenses excluding special items	2,081	1,753	19	4,141	3,560	16
Amortization of other acquired intangible assets	17	21	(19)	36	44	(18)
Special items (see details on page 2)	<u>-</u>	<u>-</u>	-	<u>-</u>	<u>106</u>	(100)
Benefits and expenses	<u>8,132</u>	<u>7,290</u>	12	<u>16,089</u>	<u>14,756</u>	9
Income before income taxes	1,023	934	10	2,135	1,781	20
Income taxes	243	336	(28)	513	640	(20)
(Loss) attributable to noncontrolling interests	-	(1)	100	-	(2)	100
Shareholders' net income from Global Health Care	780	599	30	1,622	1,143	42
After-tax adjustments required to reconcile to adjusted income from operations:						
Net realized investment (gains) losses	(4)	(22)		11	(38)	
Amortization of other acquired intangible assets	13	14		27	28	
Special items (see details on page 2)	-	-		-	68	
Adjusted income from operations	\$ 789	\$ 591	34 %	\$ 1,660	\$ 1,201	38 %
Adjusted margin for Global Health Care	8.6 %	7.2 %	140 bps	9.1 %	7.3 %	180 bps

Cigna Corporation
Global Health Care
Revenue Analysis (unaudited)

(Dollars in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Premiums:						
Commercial						
Guaranteed cost	\$ 2,046	\$ 1,522	34 %	\$ 4,045	\$ 3,065	32 %
Experience-rated ⁽¹⁾	736	727	1	1,475	1,454	1
Stop loss	993	856	16	1,973	1,708	16
International health care	515	479	8	1,028	954	8
Dental	482	441	9	961	882	9
Other	259	243	7	517	489	6
Total Commercial premiums	5,031	4,268	18	9,999	8,552	17
Government						
Medicare	1,461	1,389	5	2,959	2,850	4
Medicaid	243	273	(11)	478	553	(14)
Medicare Part D	189	198	(5)	417	432	(3)
Total Government premiums	1,893	1,860	2	3,854	3,835	-
Total premiums	6,924	6,128	13	13,853	12,387	12
Fees	1,333	1,213	10	2,659	2,433	9
Premiums and fees	8,257	7,341	12	16,512	14,820	11
Net investment income	125	92	36	240	184	30
Mail order pharmacy revenues ⁽²⁾	758	757	-	1,475	1,467	1
Other revenues	10	2	N/M	12	8	50
Operating revenues	\$ 9,150	\$ 8,192	12 %	\$ 18,239	\$ 16,479	11 %

(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 June 30,		Change Favorable (Unfavorable)	Six Months Ended June 30,		Change Favorable (Unfavorable)
	2018	2017		2018	2017	
<u>Medical Care Ratios:</u>						
Commercial	76.3 %	77.0 %	0.7	75.0 %	76.5 %	1.5
Government	83.7 %	86.1 %	2.4	84.1 %	86.0 %	1.9
Consolidated Global Health Care	78.3 %	79.8 %	1.5	77.5 %	79.4 %	1.9
Operating expense ratio ^{(1),(2)}	22.7 %	21.4 %	(1.3)	22.7 %	21.6 %	(1.1)

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

(2) Operating expenses included the health insurance industry tax of \$88 million for the three months ended June 30, 2018, and \$185 million for the six months ended June 30, 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 June 30, 2018, expected to be filed on August 2, 2018.

Cigna Corporation
Global Health Care
Estimated Covered Lives (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of June 30,			As of December 31,			COVERED LIVES BY MARKET SEGMENT: ⁽⁵⁾	As of June 30,			As of December 31,	
	(Lives in thousands)	2018	2017	% Change	2017	% Change		(Lives in thousands)	2018	2017 ⁽⁶⁾	% Change	2017 ⁽⁶⁾
Medical customers: ⁽¹⁾							Medical customers: ⁽¹⁾					
Commercial risk:							U.S. Commercial:					
U.S. Guaranteed cost	1,369	1,174	17 %	1,188	15 %		National Accounts	3,699	3,710	- %	3,687	- %
U.S. Experience-rated ⁽²⁾	867	905	(4)	901	(4)		Middle Market	7,983	7,708	4	7,903	1
International health care - risk	908	848	7	868	5		Select	2,167	1,893	14	2,002	8
Total commercial risk ⁽²⁾	3,144	2,927	7	2,957	6		Individual ⁽⁷⁾	376	336	12	297	27
							Small	1	1	-	1	-
Medicare	433	430	1	432	-		Total U.S. Commercial	14,226	13,648	4	13,890	2
Medicaid	51	61	(16)	55	(7)		International	1,526	1,515	1	1,530	-
Total risk	3,628	3,418	6	3,444	5		Total Commercial	15,752	15,163	4	15,420	2
							Medicare	433	430	1	432	-
Total service, including international health care	12,608	12,236	3	12,463	1		Medicaid	51	61	(16)	55	(7)
							Total Government	484	491	(1)	487	(1)
Total medical customers	16,236	15,654	4 %	15,907	2 %		Total medical customers	16,236	15,654	4 %	15,907	2 %
Other Customer Relationships:												
Behavioral care ⁽³⁾	27,069	26,014	4 %	26,849	1 %							
Dental ⁽³⁾	16,506	15,760	5 %	15,801	4 %							
Pharmacy ⁽³⁾	8,794	8,902	(1) %	8,960	(2) %							
Medicare Part D ⁽⁴⁾	771	823	(6) %	821	(6) %							

(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 June 30, 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 June 30, 2018, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (325,000 customers), off-exchange ACA business (12,000 customers) and off-exchange non ACA business (39,000 customers).

Cigna Corporation
Global Supplemental Benefits
Segment Results (unaudited)

<i>(Dollars in millions)</i>	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 1,053	\$ 907	16 %	\$ 2,097	\$ 1,771	18 %
Fees	8	7	14	15	12	25
Net investment income	36	31	16	70	59	19
Other revenues	(11)	10	(210)	4	22	(82)
Net realized investment (losses) gains	(11)	(1)	N/M	(11)	12	(192)
Total revenues	1,075	954	13	2,175	1,876	16
Less: Net realized investment (losses) gains	(11)	(1)	N/M	(11)	12	(192)
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	(20)	-	N/M	(22)	-	N/M
Operating revenues	1,106	955	16	2,208	1,864	18
Benefits and Expenses:						
Benefit expenses	585	492	19	1,172	997	18
Operating expenses ⁽²⁾	350	326	7	699	638	10
Amortization of other acquired intangible assets	7	7	-	15	16	(6)
Benefits and expenses	942	825	14	1,886	1,651	14
Income before income taxes	133	129	3	289	225	28
Income taxes	45	30	50	94	53	77
Income (loss) attributable to noncontrolling interests	2	(2)	200	4	(6)	167
Shareholders' net income from Global Supplemental Benefits	86	101	(15)	191	178	7
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment losses (gains) ⁽¹⁾	27	-		28	(9)	
Amortization of other acquired intangible assets	5	4		11	10	
Adjusted income from operations	\$ 118	\$ 105	12 %	\$ 230	\$ 179	28 %
Adjusted margin for Global Supplemental Benefits	10.7 %	11.0 %	(30) bps	10.4 %	9.6 %	80 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 \$179 million for the three months and \$365 million for the six months ended June 30, 2018 and \$162 million for the three months and \$318 million for the six months ended June 30, 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 June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Operating revenues	\$ 1,106	\$ 977	13 %	\$ 2,208	\$ 1,932	14 %
Adjusted income from operations	\$ 118	\$ 111	6 %	\$ 230	\$ 192	20 %

Cigna Corporation
Global Supplemental Benefits
Key Metrics (unaudited)

(Dollars in millions)

OPERATING REVENUES BY GEOGRAPHY	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Korea	\$ 548	\$ 483	13 %	\$ 1,092	\$ 946	15 %
U.S.	280	206	36	545	399	37
Taiwan	77	74	4	153	143	7
Hong Kong	34	26	31	69	52	33
Turkey	29	27	7	60	49	22
Other	138	139	(1)	289	275	5
Total ⁽¹⁾	\$ 1,106	\$ 955	16 %	\$ 2,208	\$ 1,864	18 %
China Joint Venture ⁽¹⁾	\$ 405	\$ 301	35 %	\$ 867	\$ 630	38 %

NUMBER OF POLICIES:	As of June 30,			As of December 31,		
	2018	2017	% Change	2017	% Change	
(Policies in thousands)						
Global Supplemental Benefits Policies ⁽²⁾	13,604	13,058	4 %	13,138	4 %	
China Joint Venture ⁽¹⁾	2,030	1,759	15 %	1,901	7 %	

(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 June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums:						
Life	\$ 428	\$ 441	(3) %	\$ 853	\$ 878	(3) %
Disability	510	491	4	1,015	992	2
Other	70	65	8	140	131	7
Total premiums	1,008	997	1	2,008	2,001	-
Fees	25	25	-	50	52	(4)
Net investment income	96	89	8	186	178	4
Other revenues	(2)	1	N/M	(1)	2	(150)
Net realized investment gains (losses)	5	22	(77)	(11)	30	(137)
Total revenues	1,132	1,134	-	2,232	2,263	(1)
Less: Net realized investment gains (losses)	5	22	(77)	(11)	30	(137)
Operating revenues	1,127	1,112	1	2,243	2,233	-
Benefits and Expenses:						
Benefit expenses	754	761	(1)	1,545	1,546	-
Operating expenses excluding special items	245	230	7	486	464	5
Special items (see details on page 2)	-	-	N/M	-	23	(100)
Benefits and expenses	999	991	1	2,031	2,033	-
Income before income taxes	133	143	(7)	201	230	(13)
Income taxes	26	46	(43)	40	74	(46)
Shareholders' net income from Group Disability and Life	107	97	10	161	156	3
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment (gains) losses	(4)	(14)		9	(20)	
Special items (see details on page 2)	-	-		-	15	
Adjusted income from operations	\$ 103	\$ 83	24 %	\$ 170	\$ 151	13 %
Adjusted margin for Group Disability and Life	9.1 %	7.5 %	160 bps	7.6 %	6.8 %	80 bps

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2018	2017	% Change	2018	2017	% Change
<i>(Dollars in millions)</i>						
Revenues:						
Premiums ⁽²⁾	\$ 27	\$ 25	8 %	\$ 53	\$ 49	8 %
Fees ⁽²⁾	(6)	(6)	-	(11)	(10)	(10)
Net investment income	95	96	(1)	185	190	(3)
Other revenues ⁽²⁾	1	-	N/M	(2)	(3)	33
Net realized investment (losses) gains	<u>(2)</u>	<u>(2)</u>	-	<u>1</u>	<u>(3)</u>	133
Total revenues	115	113	2	226	223	1
Less: Net realized investment (losses) gains	<u>(2)</u>	<u>(2)</u>	-	<u>1</u>	<u>(3)</u>	133
Operating revenues	<u>117</u>	<u>115</u>	2	<u>225</u>	<u>226</u>	-
Benefits and Expenses:						
Benefit expenses ⁽²⁾	85	82	4	162	159	2
Operating expenses excluding special items ⁽²⁾	87	87	-	179	197	(9)
Special items (see details on page 2)	<u>130</u>	<u>16</u>	N/M	<u>190</u>	<u>79</u>	141
Benefits and expenses	<u>302</u>	<u>185</u>	63	<u>531</u>	<u>435</u>	22
(Loss) before income taxes	(187)	(72)	(160)	(305)	(212)	(44)
Income tax (benefits)	(20)	(88)	77	(52)	(146)	64
Shareholders' net (loss) income from Corporate and Other Operations	(167)	16	N/M	(253)	(66)	(283)
Adjustments to reconcile to adjusted (loss) from operations:						
Net realized investment losses (gains)	3	2		(1)	2	
Special items (see details on page 2)	109	(47)		159	2	
Adjusted (loss) from operations	\$ (55)	\$ (29)	(90) %	\$ (95)	\$ (62)	(53) %

(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 June 30, 2018, expected to be filed on August 2, 2018.

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

Cigna Corporation
Consolidated Balance Sheets

(Dollars in millions)

	As of June 30, 2018 (Unaudited)	As of December 31, 2017		As of June 30, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)
Assets			Liabilities		
Investments:					
Fixed maturities, at fair value (see pages 13 and 14) (amortized cost, \$23,123 and \$21,867)	\$ 23,593	\$ 23,138	Contractholder deposit funds	\$ 8,121	\$ 8,196
Equity securities	560	588	Future policy benefits	9,707	10,040
Commercial mortgage loans	1,866	1,761	Unpaid claims and claim expenses	5,246	5,168
Policy loans	1,422	1,415	Global Health Care medical costs payable	3,005	2,719
Other long-term investments	1,678	1,518	Unearned premiums	1,244	724
Short-term investments	220	199	Total insurance and contractholder liabilities	27,323	26,847
Total investments	29,339	28,619			
Cash and cash equivalents	3,634	2,972	Accounts payable, accrued expenses and other liabilities	7,406	7,290
Premiums, accounts and notes receivable, net	3,412	3,380	Short-term debt	109	240
Reinsurance recoverables ⁽¹⁾	5,877	6,046	Long-term debt	5,195	5,199
Deferred policy acquisition costs	2,300	2,237	Separate account liabilities	8,287	8,423
Property and equipment	1,554	1,563	Total liabilities	48,320	47,999
Deferred tax assets, net	140	39			
Goodwill	6,147	6,164	Redeemable noncontrolling interests	39	49
Other assets, including other intangibles ⁽²⁾	2,412	2,316	Shareholders' Equity		
Separate account assets	8,287	8,423	Common stock	74	74
			Additional paid-in capital	2,974	2,940
			Accumulated other comprehensive loss	(1,843)	(1,082)
			Retained earnings	17,722	15,800
			Less treasury stock, at cost	(4,184)	(4,021)
			Total shareholders' equity	14,743	13,711
Total assets	\$ 63,102	\$ 61,759	Total liabilities and equity	\$ 63,102	\$ 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 June 30, 2018, expected to be filed on August 2, 2018 for additional details.

(1) Includes \$5.1 billion as of June 30, 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 June 30, 2018 and \$0.8 billion as of December 31, 2017 related to the GMB liability.

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

(Dollars in millions)

Sector	As of June 30, 2018				As of December 31, 2017			
	Public	Private	Total ⁽¹⁾	% of Fixed Maturities	Public	Private	Total ⁽¹⁾	% of Fixed Maturities
United States government	\$ 780	\$ -	\$ 780	3%	\$ 779	\$ -	\$ 779	3%
States and local government	1,045	-	1,045	5%	1,287	-	1,287	6%
Foreign government	2,380	75	2,455	10%	2,410	77	2,487	11%
Government	4,205	75	4,280	18%	4,476	77	4,553	20%
Basic industry	1,958	1,332	3,290	14%	1,892	1,240	3,132	13%
Capital goods	1,307	950	2,257	10%	1,070	990	2,060	9%
Communications	973	108	1,081	5%	1,020	111	1,131	5%
Consumer	3,045	1,010	4,055	17%	2,931	1,102	4,033	17%
Electric and utility	1,169	1,125	2,294	10%	1,138	1,204	2,342	10%
Energy and natural gas	1,128	620	1,748	7%	1,145	619	1,764	8%
Financial	3,210	668	3,878	16%	2,834	621	3,455	15%
Other	73	109	182	1%	83	88	171	1%
Corporate	12,863	5,922	18,785	80%	12,113	5,975	18,088	78%
Mortgage and other asset-backed	118	410	528	2%	87	410	497	2%
Total fixed maturities ⁽²⁾	\$ 17,186	\$ 6,407	\$ 23,593	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 June 30, 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 placement debt.

(2) Problem and potential problem bonds at amortized cost, net of impairments, were \$17 million as of June 30, 2018 and \$48 million as of December 31, 2017. For more information, please refer to Cigna's Form 10-Q for the period ended June 30, 2018 expected to be filed on August 2, 2018.

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

(Dollars in millions)

Sector	As of June 30, 2018			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 575	\$ 209	\$ 4	\$ 780
State and local government	978	69	2	1,045
Foreign government	2,354	120	19	2,455
Government	3,907	398	25	4,280
Basic industry	3,257	97	64	3,290
Capital goods	2,245	60	48	2,257
Communications	1,075	27	21	1,081
Consumer	4,071	81	97	4,055
Electric and utility	2,243	101	50	2,294
Energy and natural gas	1,723	54	29	1,748
Financial	3,897	52	71	3,878
Other	186	1	5	182
Corporate	18,697	473	385	18,785
Mortgage and other asset-backed	519	19	10	528
Total fixed maturities	\$ 23,123	\$ 890	\$ 420	\$ 23,593

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)

Six Months Ended June 30,
2018 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	1,725	\$	1,403
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:				
Depreciation and amortization		276		286
Realized investment losses (gains)		36		(97)
Deferred income taxes		6		31
Net changes in assets and liabilities, net of non-operating effects:				
Premiums, accounts and notes receivable		(5)		(222)
Reinsurance recoverables		60		64
Deferred policy acquisition costs		(139)		(137)
Other assets		244		(71)
Insurance liabilities		955		973
Accounts payable, accrued expenses and other liabilities ⁽¹⁾		(246)		(159)
Current income taxes		70		83
Distributions from partnership investments		71		74
Other, net		(33)		48
Net cash provided by operating activities ⁽¹⁾		3,020		2,276
Net cash used in investing activities		(1,799)		(732)
Net cash used in financing activities ⁽²⁾		(542)		(1,143)
Effect of foreign currency rate changes on cash and cash equivalents		(17)		25
Net increase in cash and cash equivalents		662		426
Cash and cash equivalents, beginning of year		2,972		3,185
Cash and cash equivalents, end of year	\$	3,634	\$	3,611

(1) Includes pre-tax domestic qualified pension plan contributions of \$150 million for the six months ended June 30, 2017. There were no contributions in 2018.

(2) Includes \$131 million and \$250 million for the repayment of long-term debt for the six months ended June 30, 2018 and June 30, 2017, respectively.