

# **Cigna Corporation**

## **Quarterly Financial Supplement June 30, 2019**

*This document is dated August 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**  
**June 30, 2019 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"). Adjusted income from operations is used as our principal 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 Cigna's share of certain realized investment results of its joint ventures reported in the International Markets segment using the equity method of accounting. These items are excluded because they are not indicative of past or future underlying performance of our businesses.*

*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,		
	2019	2018	% Change	2019	2018	% Change
<b>Total revenues</b>	\$ 38,819	\$ 11,480	238 %	\$ 76,765	\$ 22,893	235 %
Revenue contributions from transitioning clients	(4,450)	-	N/M	(8,939)	-	N/M
Net realized investment (gains) losses from equity method investments	6	20	(70)	(22)	22	N/M
Adjusted revenues <sup>(1)</sup>	\$ 34,375	\$ 11,500	199 %	\$ 67,804	\$ 22,915	196 %
<b>Shareholders' net income</b>	\$ 1,408	\$ 806	75 %	\$ 2,776	\$ 1,721	61 %
<b>Pre-Tax Adjusted Income (Loss) From Operations by Segment</b>						
Health Services	\$ 1,162	\$ 77	N/M	\$ 2,156	\$ 160	N/M
Integrated Medical	990	915	8 %	2,160	1,927	12 %
International Markets	207	203	2	413	420	(2)
Group Disability and Other	149	161	(7)	233	277	(16)
Corporate	(453)	(80)	N/M	(943)	(172)	N/M
Consolidated pre-tax adjusted income from operations	\$ 2,055	\$ 1,276	61 %	\$ 4,019	\$ 2,612	54 %
Income tax expense	415	321	29	881	647	36
Consolidated after-tax adjusted income from operations	\$ 1,640	\$ 955	72 %	\$ 3,138	\$ 1,965	60 %
<b>Diluted earnings per share</b>						
<b>Shareholders' net income</b>	\$ 3.70	\$ 3.29	12 %	\$ 7.26	\$ 7.01	4 %
After-tax adjustments to reconcile to adjusted income from operations						
Adjustment for transitioning clients	(1.33)	-		(2.64)	-	
Net realized investment (gains) losses	(0.03)	0.09		(0.13)	0.19	
Amortization of acquired intangible assets	1.49	0.07		2.96	0.15	
<b>Special items</b>						
Integration and transaction-related costs	0.30	0.44		0.58	0.65	
Charges associated with litigation matters	0.17	-		0.17	-	
Adjusted income from operations	\$ 4.30	\$ 3.89	11 %	\$ 8.20	\$ 8.00	2 %
Weighted average shares (in thousands)	380,969	245,339		382,496	245,564	
<b>Adjusted EBITDA <sup>(2)</sup></b>	\$ 2,662	\$ 1,448	84 %	\$ 5,233	\$ 2,958	77 %
<b>Operating cash flow (see page 12)</b>	\$ 1,039	\$ 995	4 %	\$ 4,231	\$ 3,020	40 %
<b>SG&amp;A expense ratio <sup>(3)</sup></b>	9.0 %	23.5 %	1,450 bps	9.1 %	23.5 %	1,440 bps
<b>CUSTOMER RELATIONSHIPS</b>						
	As of June 30,			As of December 31,		
(Relationships, lives and policies in thousands)	2019	2018	% Change	2018	% Change	
Total Medical Customers (see page 7)	16,997	16,790	1 %	16,961	- %	
Pharmacy excluding transitioning clients	75,171	8,794	N/M	73,230	3	
Behavioral care	28,577	27,069	6	27,215	5	
Dental	17,077	16,506	3	16,544	3	
Medicare Part D	3,266	771	N/M	3,295	(1)	
International Markets policies	12,500	12,197	2	12,569	(1)	
Group Disability and Life covered lives (estimated)	15,400	15,300	1	14,800	4	
Total customer relationships	168,988	97,427	N/M %	164,614	4 %	

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

(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.

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

(Dollars in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Revenues</b>						
Pharmacy revenues	\$ 26,288	\$ 758	N/M	\$ 51,467	\$ 1,475	N/M
Premiums	9,803	9,012	9 %	19,774	18,011	10 %
Fees and other revenues	2,388	1,358	76	4,838	2,726	77
Net investment income	340	352	(3)	686	681	1
Total revenues	38,819	11,480	238	76,765	22,893	235
<b>Benefits and expenses</b>						
Pharmacy and other service costs	24,963	613	N/M	49,013	1,174	N/M
Medical costs and other benefit expenses	7,576	6,845	11	15,196	13,617	12
Selling, general and administrative expenses excluding special items	3,144	2,707	16	6,311	5,392	17
Amortization of acquired intangible assets	737	24	N/M	1,480	51	N/M
Special items	236	130	82	372	190	96
Total benefits and expenses	36,656	10,319	255	72,372	20,424	254
<b>Income from operations</b>	<b>2,163</b>	<b>1,161</b>	<b>86</b>	<b>4,393</b>	<b>2,469</b>	<b>78</b>
Interest expense and other	(428)	(56)	N/M	(880)	(113)	N/M
Net realized investment gains (losses)	23	(3)	N/M	33	(36)	N/M
<b>Income before income taxes</b>	<b>1,758</b>	<b>1,102</b>	<b>60</b>	<b>3,546</b>	<b>2,320</b>	<b>53</b>
Total income taxes	348	294	18	764	595	28
<b>Net income</b>	<b>1,410</b>	<b>808</b>	<b>75</b>	<b>2,782</b>	<b>1,725</b>	<b>61</b>
Less: Net income attributable to noncontrolling interests	2	2	-	6	4	50
<b>Shareholders' net income</b>	<b>1,408</b>	<b>806</b>	<b>75</b>	<b>2,776</b>	<b>1,721</b>	<b>61</b>
<b>After-tax adjustments to reconcile adjusted income from operations</b>						
Adjustment for transitioning clients	(506)	-		(1,010)	-	
Net realized investment (gains) losses	(13)	22		(51)	47	
Amortization of acquired intangible assets	572	18		1,136	38	
<b>Special items</b>						
Integration and transaction-related costs	115	109		223	159	
Charges associated with litigation matters	64	-		64	-	
Adjusted income from operations	\$ 1,640	\$ 955	72 %	\$ 3,138	\$ 1,965	60 %

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

(Dollars in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
<b>Revenues</b>				
Pharmacy revenues	\$ 26,969	\$ 1,111	\$ 52,889	\$ 2,181
Fees and other revenues	1,001	-	2,015	-
Net investment income	17	2	32	3
Total revenues	27,987	1,113	54,936	2,184
<b>Benefits and expenses</b>				
Pharmacy and other service costs	25,662	1,015	50,497	1,983
Gross profit	2,325	98	4,439	201
Selling, general and administrative expenses	508	21	966	41
Amortization of acquired intangible assets	709	-	1,422	-
<b>Income from operations</b>	<b>1,108</b>	<b>77</b>	<b>2,051</b>	<b>160</b>
Interest expense and other	-	-	(1)	-
<b>Income before income taxes</b>	<b>1,108</b>	<b>77</b>	<b>2,050</b>	<b>160</b>
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>				
Adjustment for transitioning clients	(655)	-	(1,315)	-
Pre-tax (income) attributable to noncontrolling interests	-	-	(1)	-
Amortization of acquired intangible assets	709	-	1,422	-
<b>Pre-tax adjusted income from operations</b>	<b>\$ 1,162</b>	<b>\$ 77</b>	<b>\$ 2,156</b>	<b>\$ 160</b>
<b>Pre-tax adjusted margin</b>	<b>4.9 %</b>	<b>6.9 %</b>	<b>4.7 %</b>	<b>7.3 %</b>
<b>Reconciliation of total revenues to adjusted revenues</b>				
Total revenues	\$ 27,987	1,113	\$ 54,936	\$ 2,184
Revenue contributions from transitioning clients	(4,450)	-	(8,939)	-
Adjusted revenues <sup>(1)</sup>	\$ 23,537	1,113	\$ 45,997	\$ 2,184

Second quarter and year-to-date 2019 segment results include contributions from the acquired Express Scripts business.

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

**Cigna Corporation**  
**Health Services**  
**Key Metrics (unaudited)**

*(Dollars and adjusted scripts in millions)*

	Three Months Ended June 30, 2019	Six Months Ended June 30, 2019
<b>Selected Financial Information</b> <sup>(1)</sup>		
Adjusted EBITDA <sup>(2)</sup>	\$ 1,211	\$ 2,242
<b>Pharmacy revenue by distribution channel</b> <sup>(1)</sup>		
Network revenues	\$ 9,758	\$ 19,026
Home delivery and specialty revenues	11,507	22,548
Other revenues	1,258	2,380
Total pharmacy revenues	\$ 22,523	\$ 43,954
<b>Pharmacy script volume</b>		
Adjusted network scripts <sup>(3)</sup>	223	445
Adjusted home delivery and specialty scripts <sup>(3)</sup>	71	141
Total adjusted scripts <sup>(3)</sup>	294	586
<b>Generic fill rate</b>		
Network	87.7%	87.8%
Home delivery	84.1%	84.2%
Overall generic fill rate	87.2%	87.3%

(1) Health Services segment metrics on this page are presented excluding contributions from transitioning clients.

(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) Non-specialty network scripts filled through 90-day programs, and home delivery scripts are multiplied by three. All other network and specialty scripts are counted as one script.

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

(Dollars in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Revenues</b>						
Premiums	\$ 7,396	\$ 6,685	11 %	\$ 14,979	\$ 13,361	12 %
Fees and other revenues	1,461	1,365	7	2,950	2,728	8
Net investment income	111	120	(8)	234	231	1
Total revenues <sup>(1)</sup>	8,968	8,170	10	18,163	16,320	11
<b>Benefits and expenses</b>						
Medical costs	6,038	5,283	14	12,023	10,457	15
Selling, general and administrative expenses	1,940	1,972	(2)	3,980	3,936	1
Amortization of acquired intangible assets	18	18	-	36	40	(10)
Total benefits and expenses	7,996	7,273	10	16,039	14,433	11
<b>Income from operations</b>						
	972	897	8	2,124	1,887	13
Net realized investment gains (losses)	17	3	N/M	22	(15)	N/M
<b>Income before income taxes</b>						
	989	900	10	2,146	1,872	15
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>						
Net realized investment (gains) losses	(17)	(3)		(22)	15	
Amortization of acquired intangible assets	18	18		36	40	
<b>Pre-tax adjusted income from operations</b>						
	\$ 990	\$ 915	8 %	\$ 2,160	\$ 1,927	12 %
<b>Pre-tax adjusted margin</b>						
	11.0 %	11.2 %	(20) bps	11.9 %	11.8 %	10 bps

(1) Total revenues were equal to adjusted revenues 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 June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Premiums:</b>						
<b>Commercial Premiums</b>						
Risk	\$ 3,065	\$ 2,643	16 %	\$ 6,104	\$ 5,254	16 %
Stop loss	1,067	993	7	2,136	1,973	8
Other	241	259	(7)	519	517	-
Total Commercial premiums	4,373	3,895	12	8,759	7,744	13
<b>Government Premiums</b>						
Medicare Advantage	1,610	1,461	10	3,217	2,959	9
Medicare Part D	400	189	112	925	417	122
Other	1,013	1,140	(11)	2,078	2,241	(7)
Total Government premiums	3,023	2,790	8	6,220	5,617	11
Total premiums	7,396	6,685	11	14,979	13,361	12
Fees and other revenues	1,461	1,365	7	2,950	2,728	8
Net investment income	111	120	(8)	234	231	1
<b>Total revenues</b>	<b>\$ 8,968</b>	<b>\$ 8,170</b>	<b>10 %</b>	<b>\$ 18,163</b>	<b>\$ 16,320</b>	<b>11 %</b>
<b>Medical Care Ratio</b>	<b>81.6 %</b>	<b>79.0 %</b>	<b>(260) bps</b>	<b>80.3 %</b>	<b>78.3 %</b>	<b>(200) bps</b>



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

COVERED LIVES BY FUNDING TYPE:	As of June 30,			As of December 31,			COVERED LIVES BY MARKET SEGMENT: <sup>(3)</sup>	As of June 30,			As of December 31,	
	2019	2018	% Change	2018	% Change	2019		2018 <sup>(4)</sup>	% Change	2018 <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	2,034	1,860	9 %	1,911	6 %	National Accounts	3,609	3,743	(4) %	3,738	(3) %	
Government risk						Middle Market	8,144	8,038	1	8,108	-	
Medicare Advantage	440	433	2	436	1	Select	2,272	2,068	10	2,135	6	
Other <sup>(2)</sup>	942	957	(2)	971	(3)	Small	1	1	-	1	-	
Total government risk	1,382	1,390	(1)	1,407	(2)	Total Commercial	14,026	13,850	1	13,982	-	
Services only customers - Integrated Medical	11,992	11,990	-	12,071	(1)	Total Government	1,382	1,390	(1)	1,407	(2)	
Total Integrated Medical	15,408	15,240	1	15,389	-	Total Integrated Medical	15,408	15,240	1	15,389	-	
International Markets	1,589	1,550	3	1,572	1	International Markets	1,589	1,550	3	1,572	1	
<b>Total medical customers</b>	<b>16,997</b>	<b>16,790</b>	<b>1 %</b>	<b>16,961</b>	<b>- %</b>	<b>Total medical customers</b>	<b>16,997</b>	<b>16,790</b>	<b>1 %</b>	<b>16,961</b>	<b>- %</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 June 30, 2019, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (252,000 customers), off-exchange ACA business (9,000 customers) and off-exchange non ACA business (33,000 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**  
**International Markets**  
**Segment Results (unaudited)**

(Dollars in millions)

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Revenues</b>						
Premiums	\$ 1,301	\$ 1,262	3 %	\$ 2,605	\$ 2,522	3 %
Fees and other revenues	42	26	62	122	68	79
Net investment income	40	36	11	78	73	7
Total revenues	1,383	1,324	4	2,805	2,663	5
<b>Benefits and expenses</b>						
Medical costs and other benefit expenses	724	715	1	1,470	1,425	3
Selling, general and administrative expenses <sup>(1)</sup>	454	423	7	891	833	7
Amortization of acquired intangible assets	8	4	100	19	8	138
Total benefits and expenses	1,186	1,142	4	2,380	2,266	5
<b>Income from operations</b>						
Interest expense and other	-	-	N/M	(1)	-	N/M
Net realized investment gains (losses)	(2)	(9)	78	(7)	(11)	36
<b>Income before income taxes</b>						
	195	173	13	417	386	8
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Pre-tax (income) attributable to noncontrolling interests	(4)	(3)		(8)	(7)	
Net realized investment (gains) losses	8	29		(15)	33	
Amortization of acquired intangible assets	8	4		19	8	
<b>Pre-tax adjusted income from operations</b>						
	\$ 207	\$ 203	2 %	\$ 413	\$ 420	(2) %
<b>Pre-tax adjusted margin</b>						
	14.9 %	15.1 %	(20) bps	14.8 %	15.6 %	(80) bps
<b>Reconciliation of total revenues to adjusted revenues</b>						
Total revenues	\$ 1,383	\$ 1,324	4 %	\$ 2,805	\$ 2,663	5 %
Net realized investment (gains) losses from equity method investments	6	20	(70)	(22)	22	N/M
Adjusted revenues <sup>(2)</sup>	\$ 1,389	\$ 1,344	3 %	\$ 2,783	\$ 2,685	4 %

(1) Selling, general and administrative expenses include policy acquisition expenses of \$190 million for the three months ended and \$361 for the six months ended June 30, 2019 and \$172 million for the three months ended and \$345 for the six months ended June 30, 2018.

(2) Adjusted revenues is defined as total revenues excluding the following adjustments: revenue contributions from transitioning clients, special items and 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.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
<b>Revenues</b>						
Premiums	\$ 1,109	\$ 1,068	4 %	\$ 2,197	\$ 2,134	3 %
Fees and other revenues	29	27	7	57	57	-
Net investment income	171	187	(9)	351	362	(3)
Total revenues <sup>(1)</sup>	1,309	1,282	2	2,605	2,553	2
<b>Benefits and expenses</b>						
Benefit expenses	890	850	5	1,829	1,741	5
Selling, general and administrative expenses	270	271	-	542	535	1
Amortization of acquired intangible assets	2	2	-	3	3	-
Total benefits and expenses	1,162	1,123	3	2,374	2,279	4
<b>Income from operations</b>	<b>147</b>	<b>159</b>	<b>(8)</b>	<b>231</b>	<b>274</b>	<b>(16)</b>
Interest expense and other	-	-	N/M	(1)	-	N/M
Net realized investment gains (losses)	8	3	167	18	(9)	N/M
<b>Income before income taxes</b>	<b>155</b>	<b>162</b>	<b>(4)</b>	<b>248</b>	<b>265</b>	<b>(6)</b>
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Net realized investment (gains) losses	(8)	(3)		(18)	9	
Amortization of acquired intangible assets	2	2		3	3	
<b>Pre-tax adjusted income from operations</b>	<b>\$ 149</b>	<b>\$ 161</b>	<b>(7) %</b>	<b>\$ 233</b>	<b>\$ 277</b>	<b>(16) %</b>
<b>Pre-tax adjusted margin</b>	<b>11.4 %</b>	<b>12.6 %</b>	<b>(120) bps</b>	<b>8.9 %</b>	<b>10.8 %</b>	<b>(190) bps</b>

(1) Total revenues were equal to adjusted revenues in Group Disability and Other for the periods presented.

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

	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	% Change	2019	2018	% Change
Total revenues and eliminations <sup>(1) (2)</sup>	\$ (828)	\$ (409)	(102) %	\$ (1,744)	\$ (827)	(111) %
Total expenses and eliminations excluding special items <sup>(1)</sup>	(803)	(385)	(109)	(1,678)	(768)	(118)
Special items	236	130	82	372	190	96
Total expenses and eliminations	(567)	(255)	(122)	(1,306)	(578)	(126)
<b>(Loss) from operations</b>	<b>(261)</b>	<b>(154)</b>	<b>(69)</b>	<b>(438)</b>	<b>(249)</b>	<b>(76)</b>
Interest expense and other	(428)	(56)	N/M	(877)	(113)	N/M
Net realized investment (losses)	-	-	N/M	-	(1)	100
<b>(Loss) before income taxes</b>	<b>(689)</b>	<b>(210)</b>	<b>(228)</b>	<b>(1,315)</b>	<b>(363)</b>	<b>(262)</b>
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>						
Net realized investment losses	-	-		-	1	
Special items	236	130		372	190	
<b>Pre-tax adjusted (loss) from operations</b>	<b>\$ (453)</b>	<b>\$ (80)</b>	<b>N/M %</b>	<b>\$ (943)</b>	<b>\$ (172)</b>	<b>N/M %</b>

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

(2) Total revenues were equal to adjusted revenues in Corporate for the periods presented.

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

(Dollars in millions)

	As of June 30, 2019	As of December 31, 2018		As of June 30, 2019	As of December 31, 2018
	(Unaudited)			(Unaudited)	
<b>Assets</b>			<b>Liabilities</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	\$ 3,610	\$ 3,855	Insurance and contractholder liabilities <sup>(2)</sup>	\$ 6,930	\$ 6,801
Investments	1,665	2,045	Pharmacy and service costs payable	11,397	10,702
Accounts receivable, net	11,700	10,473	Accounts payable	4,517	4,366
Inventories	2,298	2,821	Accrued expenses	6,713	7,071
Other current assets	1,436	1,236	Short-term debt and current maturities of long-term debt	2,310	2,955
Total current assets	20,709	20,430	Total current liabilities	31,867	31,895
Long-term investments	28,180	26,929	Insurance and contractholder liabilities	20,118	19,974
Reinsurance recoverables <sup>(1)</sup>	5,324	5,507	Deferred tax liabilities, net	9,407	9,453
Deferred policy acquisition costs	2,821	2,821	Other non-current liabilities	3,930	3,470
Property and equipment	4,538	4,562	Long-term debt	36,885	39,523
Goodwill	44,449	44,505	Separate account liabilities	8,345	7,839
Other intangibles	37,717	39,003	Total liabilities	110,552	112,154
Other assets	2,318	1,630			
Separate account assets	8,345	7,839	Redeemable noncontrolling interests	31	37
			<b>Shareholders' Equity</b>		
			Common stock	4	4
			Additional paid-in capital	27,891	27,751
			Accumulated other comprehensive (loss)	(965)	(1,711)
			Retained earnings	17,834	15,088
			Less treasury stock, at cost	(949)	(104)
			Total shareholders' equity	43,815	41,028
			Noncontrolling interests	3	7
			Total equity	43,818	41,035
<b>Total assets</b>	<b>\$ 154,401</b>	<b>\$ 153,226</b>	<b>Total liabilities and equity</b>	<b>\$ 154,401</b>	<b>\$ 153,226</b>

(1) Includes \$4.79 billion as of June 30, 2019 and \$4.99 billion as of December 31, 2018 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 \$2.88 billion as of June 30, 2019 and \$2.70 billion as of December 31, 2018 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-Q for the period ended June 30, 2019, filed on August 1, 2019.

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

(Dollars in millions)

Six Months Ended June 30,  
2019 2018

**CASH FLOWS FROM OPERATING ACTIVITIES**

Net income	\$	2,782	\$	1,725
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization		1,811		276
Realized investment (gains) losses		(33)		36
Deferred income taxes (benefits)		(241)		6
<b>Net changes in assets and liabilities, net of non-operating effects:</b>				
Accounts receivable		(1,165)		(5)
Inventories		524		115
Deferred policy acquisition costs		(99)		(139)
Reinsurance recoverable and other assets		(177)		189
Insurance liabilities		297		955
Pharmacy costs and service costs payable		713		(55)
Accounts payable and accrued expenses and other liabilities		(370)		(121)
Other, net		189		38
<b>Net cash provided by operating activities</b>		<u>4,231</u>		<u>3,020</u>
<b>Net cash (used in) investing activities</b>		(159)		(1,799)
<b>Net cash (used in) financing activities <sup>(1)</sup></b>		(4,307)		(542)
Effect of foreign currency rate changes on cash and cash equivalents		(10)		(17)
<b>Net (decrease) increase in cash and cash equivalents</b>		<u>(245)</u>		<u>662</u>
Cash and cash equivalents, January 1		3,855		2,972
Cash and cash equivalents, June 30	\$	<u>3,610</u>	\$	<u>3,634</u>

(1) Includes \$2.7 billion for the repayment of long term debt and Term Loan and \$510 million for the repayment of commercial paper for the six months ended June 30, 2019.

**Cigna Corporation**  
**Summary of Debt Securities by Sector (unaudited)**  
**Fair Value**

(Dollars in millions)

Sector	As of June 30, 2019				As of December 31, 2018			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 522	\$ 245	\$ -	\$ 767	\$ 507	\$ 204	\$ 1	\$ 710
State and local government	813	85	-	898	920	66	1	985
Foreign government	2,023	218	2	2,239	2,214	155	7	2,362
Government	3,358	548	2	3,904	3,641	425	9	4,057
Basic industry	3,321	210	5	3,526	3,309	82	80	3,311
Capital goods	2,295	121	6	2,410	2,295	56	64	2,287
Communications	952	55	1	1,006	964	23	20	967
Consumer	3,939	212	15	4,136	3,948	73	122	3,899
Electric and utility	2,359	180	4	2,535	2,264	91	50	2,305
Energy and natural gas	1,720	103	9	1,814	1,651	37	42	1,646
Financial	3,594	185	8	3,771	3,794	48	68	3,774
Other	226	7	1	232	178	1	7	172
Corporate	18,406	1,073	49	19,430	18,403	411	453	18,361
Mortgage and other asset-backed	504	27	4	527	506	16	12	510
<b>Total debt securities</b>	<b>\$ 22,268</b>	<b>\$ 1,648</b>	<b>\$ 55</b>	<b>\$ 23,861</b>	<b>\$ 22,550</b>	<b>\$ 852</b>	<b>\$ 474</b>	<b>\$ 22,928</b>