

Cigna Corporation

Quarterly Financial Supplement September 30, 2018

This document is dated November 1, 2018. The data contained in this document may not be accurate after such date and Cigna does not undertake to update or keep it accurate after such date.



Cigna Corporation
September 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 realized investment results and special items (identified and quantified on page 2). 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 nine months ended September 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 September 30, 2018 expected to be filed on November 1, 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 September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
REVENUES						
Total revenues	\$ 11,457	\$ 10,489	9 %	\$ 34,314	\$ 31,388	9 %
Net realized investment losses (gains) ⁽¹⁾	1	(117)	101	59	(214)	128
Special item (see transaction-related cost details on page 2) ⁽²⁾	(13)	-	N/M	(13)	-	N/M
Operating revenues	\$ 11,445	\$ 10,372	10 %	\$ 34,360	\$ 31,174	10 %
Operating Revenues by Segment						
Global Health Care	\$ 9,117	\$ 8,176	12 %	\$ 27,356	\$ 24,655	11 %
Global Supplemental Benefits	1,093	985	11	3,301	2,849	16
Group Disability and Life	1,121	1,099	2	3,364	3,332	1
Corporate and Other	114	112	2	339	338	-
Consolidated operating revenues	\$ 11,445	\$ 10,372	10 %	\$ 34,360	\$ 31,174	10 %
SHAREHOLDERS' NET INCOME						
Shareholders' net income	\$ 772	\$ 560	38 %	\$ 2,493	\$ 1,971	26 %
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment (gains) losses ⁽¹⁾	(1)	(75)		46	(140)	
Amortization of other acquired intangibles assets	36	16		74	54	
Special items (see details on page 2)	138	215		297	300	
Adjusted income from operations	\$ 945	\$ 716	32 %	\$ 2,910	\$ 2,185	33 %
Adjusted Income (Loss) From Operations by Segment						
Global Health Care	\$ 804	\$ 575	40 %	\$ 2,464	\$ 1,776	39 %
Global Supplemental Benefits	93	109	(15)	323	288	12
Group Disability and Life	100	73	37	270	224	21
Ongoing operations	997	757	32	3,057	2,288	34
Corporate and Other	(52)	(41)	(27)	(147)	(103)	(43)
Total adjusted income from operations	\$ 945	\$ 716	32 %	\$ 2,910	\$ 2,185	33 %
Diluted earnings per share:						
Shareholders' net income	\$ 3.14	\$ 2.21	42 %	\$ 10.14	\$ 7.67	32 %
Adjusted income from operations	\$ 3.84	\$ 2.83	36 %	\$ 11.84	\$ 8.50	39 %
Adjusted income from operations, excluding interest, taxes, depreciation and amortization ⁽³⁾	\$ 1,439	\$ 1,235	17 %	\$ 4,397	\$ 3,786	16 %
CUSTOMER RELATIONSHIPS						
	As of September 30,			As of December 31,		
	2018	2017	% Change	2017	% Change	
(Relationships, lives and policies in thousands)						
Global Health Care Medical Customers (see page 7)	16,270	15,816	3 %	15,907	2 %	
Other Customer Relationships: (see page 7)						
Behavioral care	27,113	26,636	2	26,849	1	
Dental	16,518	15,776	5	15,801	5	
Pharmacy	8,819	8,959	(2)	8,960	(2)	
Medicare Part D	767	812	(6)	821	(7)	
Global Supplemental Benefit Policies (see page 9)	13,664	13,087	4	13,138	4	
Group Disability and Life covered lives (estimated) ⁽⁴⁾	15,300	15,600	(2)	15,300	-	
Total customer relationships	98,451	96,686	2 %	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 September 30, 2018, expected to be filed on November 1, 2018 for additional details.

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

(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-Q for the period ended September 30, 2018 expected to be filed on November 1, 2018.

(3) 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.

(4) 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 September 30,												
Shareholders' net income (loss)	\$3.14	\$2.21	\$772	\$560	\$750	\$610	\$80	\$105	\$106	\$97	\$(164)	\$(252)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Net realized investment (gains) losses ⁽¹⁾	-	(0.29)	(1)	(75)	(4)	(47)	-	-	(4)	(24)	7	(4)
Amortization of other acquired intangible assets	0.15	0.06	36	16	32	12	4	4	-	-	-	-
Special items:												
Transaction-related costs ⁽²⁾	0.43	0.03	108	6	-	-	-	-	-	-	108	6
Charges associated with litigation matters	0.14	-	35	-	35	-	-	-	-	-	-	-
U.S. tax reform	(0.02)	-	(5)	-	(9)	-	9	-	(2)	-	(3)	-
Debt extinguishment costs	-	0.82	-	209	-	-	-	-	-	-	-	209
Adjusted income (loss) from operations	\$3.84	\$2.83	\$945	\$716	\$804	\$575	\$93	\$109	\$100	\$73	\$(52)	\$(41)
Weighted average shares (in thousands)	246,112	253,410										
Special items, pre-tax:												
Transaction-related costs ⁽²⁾			\$128	\$9	\$-	\$-	\$-	\$-	\$-	\$-	\$128	\$9
Charges associated with litigation matters			45	-	45	-	-	-	-	-	-	-
U.S. tax reform			2	-	-	-	-	-	-	-	2	-
Debt extinguishment costs			-	321	-	-	-	-	-	-	-	321
Total			\$175	\$330	\$45	\$-	\$-	\$-	\$-	\$-	\$130	\$330

(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
Nine Months Ended September 30,												
Shareholders' net income (loss)	\$10.14	\$7.67	\$2,493	\$1,971	\$2,372	\$1,753	\$271	\$283	\$267	\$253	\$(417)	\$(318)
After-tax adjustments to reconcile to adjusted income (loss) from operations:												
Net realized investment losses (gains) ⁽¹⁾	0.19	(0.54)	46	(140)	7	(85)	28	(9)	5	(44)	6	(2)
Amortization of other acquired intangible assets	0.30	0.21	74	54	59	40	15	14	-	-	-	-
Special items:												
Transaction-related costs ⁽²⁾	1.09	0.03	267	8	-	-	-	-	-	-	267	8
Charges associated with litigation matters	0.14	-	35	-	35	-	-	-	-	-	-	-
U.S. tax reform	(0.02)	-	(5)	-	(9)	-	9	-	(2)	-	(3)	-
Debt extinguishment costs	-	0.81	-	209	-	-	-	-	-	-	-	209
Long-term care guaranty fund assessment	-	0.32	-	83	-	68	-	-	-	15	-	-
Adjusted income (loss) from operations	\$11.84	\$8.50	\$2,910	\$2,185	\$2,464	\$1,776	\$323	\$288	\$270	\$224	\$(147)	\$(103)
Weighted average shares (in thousands)	245,747	257,058										
Common shares outstanding as of September 30, (in thousands)	243,505	247,573										
Special items, pre-tax:												
Transaction-related costs ⁽²⁾			\$318	\$88	\$-	\$-	\$-	\$-	\$-	\$-	\$318	\$88
Charges associated with litigation matters			45	-	45	-	-	-	-	-	-	-
U.S. tax reform			2	-	-	-	-	-	-	-	2	-
Debt extinguishment costs			-	321	-	-	-	-	-	-	-	321
Long-term care guaranty fund assessment			-	129	-	106	-	-	-	23	-	-
Total			\$365	\$538	\$45	\$106	\$-	\$-	\$-	\$23	\$320	\$409

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

(2) For the three and nine months ended September 30, 2018, includes interest expense of \$33 million, partially offset by net investment income of \$13 million related to debt issued in the third quarter of 2018 to finance the proposed Merger with Express Scripts. For additional information please refer to Note 3 to the Consolidated Financial Statements in Cigna's Form 10-Q for the period ended September 30, 2018 expected to be filed on November 1, 2018.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 8,994	\$ 8,075	11 %	\$ 27,005	\$ 24,283	11 %
Fees	1,351	1,245	9	4,064	3,732	9
Net investment income including special items	355	298	19	1,036	909	14
Mail order pharmacy revenues	747	733	2	2,222	2,200	1
Other revenues	10	21	(52)	23	50	(54)
Net realized investment gains (losses)	-	117	(100)	(36)	214	(117)
Total revenues	11,457	10,489	9	34,314	31,388	9
Less: Net realized investment gains (losses)	-	117	(100)	(36)	214	(117)
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	(1)	-	N/M	(23)	-	N/M
Less: Special item (see transaction-related cost details on page 2) ⁽²⁾	13	-	N/M	13	-	N/M
Consolidated operating revenues	11,445	10,372	10	34,360	31,174	10
Benefits and Expenses:						
Global Health Care medical costs	5,360	4,845	11	16,098	14,684	10
Other benefit expenses	1,443	1,342	8	4,322	4,044	7
Mail order pharmacy costs	602	612	(2)	1,776	1,819	(2)
Operating expenses excluding special items	2,612	2,336	12	7,774	6,847	14
Depreciation and amortization:						
Amortization of other acquired intangible assets	48	28	71	99	88	13
Depreciation and other amortization	114	111	3	339	337	1
Total depreciation and amortization	162	139	17	438	425	3
Interest expense	57	61	(7)	175	183	(4)
Special items (see details on page 2)	188	330	(43)	378	538	(30)
Total benefits and expenses	10,424	9,665	8	30,961	28,540	8
Income before income taxes	1,033	824	25	3,353	2,848	18
Income taxes:						
Current	248	231	7	837	821	2
Deferred	11	31	(65)	17	62	(73)
Total taxes	259	262	(1)	854	883	(3)
Net income	774	562	38	2,499	1,965	27
Less: Income (loss) attributable to noncontrolling interests	2	2	-	6	(6)	200
Shareholders' net income	\$ 772	\$ 560	38 %	\$ 2,493	\$ 1,971	26 %

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 September 30, 2018, expected to be filed on November 1, 2018 for additional details.

- (1) Beginning in 2018, Cigna's share of certain 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.
(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-Q for the period ended September 30, 2018 expected to be filed on November 1, 2018.

Cigna Corporation
Global Health Care
Segment Results (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 6,919	\$ 6,131	13 %	\$ 20,772	\$ 18,518	12 %
Fees	1,325	1,219	9	3,984	3,652	9
Net investment income	122	89	37	362	273	33
Mail order pharmacy revenues	747	733	2	2,222	2,200	1
Other revenues	4	4	-	16	12	33
Net realized investment gains (losses)	4	75	(95)	(11)	133	(108)
Total revenues	9,121	8,251	11	27,345	24,788	10
Less: Net realized investment gains (losses)	4	75	(95)	(11)	133	(108)
Operating revenues	9,117	8,176	12	27,356	24,655	11
Benefits and Expenses:						
Global Health Care medical costs	5,360	4,845	11	16,098	14,684	10
Mail order pharmacy costs	602	612	(2)	1,776	1,819	(2)
Operating expenses excluding special items	2,098	1,842	14	6,239	5,402	15
Amortization of other acquired intangible assets	42	21	100	78	65	20
Special items (see details on page 2)	45	-	N/M	45	106	(58)
Benefits and expenses	8,147	7,320	11	24,236	22,076	10
Income before income taxes	974	931	5	3,109	2,712	15
Income taxes	224	321	(30)	737	961	(23)
(Loss) attributable to noncontrolling interests	-	-	N/M	-	(2)	100
Shareholders' net income from Global Health Care	750	610	23	2,372	1,753	35
After-tax adjustments required to reconcile to adjusted income from operations:						
Net realized investment (gains) losses	(4)	(47)		7	(85)	
Amortization of other acquired intangible assets	32	12		59	40	
Special items (see details on page 2)	26	-		26	68	
Adjusted income from operations	\$ 804	\$ 575	40 %	\$ 2,464	\$ 1,776	39 %
Adjusted margin for Global Health Care	8.8 %	7.0 %	180 bps	9.0 %	7.2 %	180 bps

Cigna Corporation
Global Health Care
Revenue Analysis (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Premiums:						
Commercial						
Guaranteed cost	\$ 2,080	\$ 1,591	31 %	\$ 6,125	\$ 4,656	32 %
Experience-rated ⁽¹⁾	711	737	(4)	2,186	2,191	-
Stop loss	1,010	874	16	2,983	2,582	16
International health care	513	484	6	1,541	1,438	7
Dental	486	452	8	1,447	1,334	8
Other	260	247	5	777	736	6
Total Commercial premiums	5,060	4,385	15	15,059	12,937	16
Government						
Medicare	1,455	1,324	10	4,414	4,174	6
Medicaid	247	253	(2)	725	806	(10)
Medicare Part D	157	169	(7)	574	601	(4)
Total Government premiums	1,859	1,746	6	5,713	5,581	2
Total premiums	6,919	6,131	13	20,772	18,518	12
Fees	1,325	1,219	9	3,984	3,652	9
Premiums and fees	8,244	7,350	12	24,756	22,170	12
Net investment income	122	89	37	362	273	33
Mail order pharmacy revenues ⁽²⁾	747	733	2	2,222	2,200	1
Other revenues	4	4	-	16	12	33
Operating revenues	\$ 9,117	\$ 8,176	12 %	\$ 27,356	\$ 24,655	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 September 30,		Change Favorable (Unfavorable)	Nine Months Ended September 30,		Change Favorable (Unfavorable)
	2018	2017		2018	2017	
<u>Medical Care Ratios:</u>						
Commercial	76.3 %	77.1 %	0.8	75.4 %	76.7 %	1.3
Government	80.7 %	84.0 %	3.3	83.0 %	85.4 %	2.4
Consolidated Global Health Care	77.5 %	79.0 %	1.5	77.5 %	79.3 %	1.8
Operating expense ratio ^{(1),(2)}	23.0 %	22.5 %	(0.5)	22.8 %	21.9 %	(0.9)

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

(2) Operating expenses included the health insurance industry tax of \$94 million for the three months and \$279 million for the nine months ended September 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 September 30, 2018, expected to be filed on November 1, 2018.

Cigna Corporation
Global Health Care
Estimated Covered Lives (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of September 30,			As of December 31,			COVERED LIVES BY MARKET SEGMENT: ⁽⁵⁾	As of September 30,			As of December 31,		
	(Lives in thousands)	2018	2017	% Change	2017	% Change		(Lives in thousands)	2018	2017 ⁽⁶⁾	% Change	2017 ⁽⁶⁾	% Change
Medical customers: ⁽¹⁾							Medical customers: ⁽¹⁾						
Commercial risk:							U.S. Commercial:						
U.S. Guaranteed cost	1,379	1,184	16 %	1,188	16 %		National Accounts	3,702	3,715	- %	3,698	- %	
U.S. Experience-rated ⁽²⁾	861	898	(4)	901	(4)		Middle Market	8,006	7,828	2	7,892	1	
International health care - risk	912	858	6	868	5		Select	2,190	1,940	13	2,002	9	
Total commercial risk ⁽²⁾	3,152	2,940	7	2,957	7		Individual ⁽⁷⁾	360	317	14	297	21	
							Small	1	1	-	1	-	
Medicare	434	428	1	432	-		Total U.S. Commercial	14,259	13,801	3	13,890	3	
Medicaid	51	56	(9)	55	(7)		International	1,526	1,531	-	1,530	-	
Total risk	3,637	3,424	6	3,444	6		Total Commercial	15,785	15,332	3	15,420	2	
							Medicare	434	428	1	432	-	
Total service, including international health care	12,633	12,392	2	12,463	1		Medicaid	51	56	(9)	55	(7)	
							Total Government	485	484	-	487	-	
Total medical customers	16,270	15,816	3 %	15,907	2 %		Total medical customers	16,270	15,816	3 %	15,907	2 %	
Other Customer Relationships:													
Behavioral care ⁽³⁾	27,113	26,636	2 %	26,849	1 %								
Dental ⁽³⁾	16,518	15,776	5 %	15,801	5 %								
Pharmacy ⁽³⁾	8,819	8,959	(2) %	8,960	(2) %								
Medicare Part D ⁽⁴⁾	767	812	(6) %	821	(7) %								

(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 September 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.

(7) As of September 30, 2018, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (310,000 customers), off-exchange ACA business (12,000 customers) and off-exchange non ACA business (38,000 customers).

Cigna Corporation
Global Supplemental Benefits
Segment Results (unaudited)

<i>(Dollars in millions)</i>	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums	\$ 1,039	\$ 931	12 %	\$ 3,136	\$ 2,702	16 %
Fees	7	6	17	22	18	22
Net investment income	37	31	19	107	90	19
Other revenues	9	17	(47)	13	39	(67)
Net realized investment gains (losses)	1	-	N/M	(10)	12	(183)
Total revenues	1,093	985	11	3,268	2,861	14
Less: Net realized investment gains (losses)	1	-	N/M	(10)	12	(183)
Less: Net realized investment (losses) from equity method subsidiaries ⁽¹⁾	(1)	-	N/M	(23)	-	N/M
Operating revenues	1,093	985	11	3,301	2,849	16
Benefits and Expenses:						
Benefit expenses	598	506	18	1,770	1,503	18
Operating expenses ⁽²⁾	357	331	8	1,056	969	9
Amortization of other acquired intangible assets	6	7	(14)	21	23	(9)
Benefits and expenses	961	844	14	2,847	2,495	14
Income before income taxes	132	141	(6)	421	366	15
Income taxes	50	34	47	144	87	66
Income (loss) attributable to noncontrolling interests	2	2	-	6	(4)	250
Shareholders' net income from Global Supplemental Benefits	80	105	(24)	271	283	(4)
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment losses (gains) ⁽¹⁾	-	-		28	(9)	
Amortization of other acquired intangible assets	4	4		15	14	
Special items (see details on page 2)	9	-		9	-	
Adjusted income from operations	\$ 93	\$ 109	(15) %	\$ 323	\$ 288	12 %
Adjusted margin for Global Supplemental Benefits	8.5 %	11.1 %	(260) bps	9.8 %	10.1 %	(30) bps

(1) Beginning in 2018, Cigna's share of certain 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 \$544 million for the nine months ended September 30, 2018 and \$166 million for the three months and \$484 million for the nine months ended September 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 September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Operating revenues	\$ 1,093	\$ 976	12 %	\$ 3,301	\$ 2,908	14 %
Adjusted income from operations	\$ 93	\$ 108	(14) %	\$ 323	\$ 300	8 %

Cigna Corporation
Global Supplemental Benefits
Key Metrics (unaudited)

(Dollars in millions)

OPERATING REVENUES BY GEOGRAPHY	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Korea	\$ 538	\$ 494	9 %	\$ 1,630	\$ 1,440	13 %
U.S.	293	220	33	838	619	35
Taiwan	76	67	13	229	210	9
Hong Kong	36	31	16	105	83	27
Turkey	22	28	(21)	82	77	6
Other	128	145	(12)	417	420	(1)
Total ⁽¹⁾	\$ 1,093	\$ 985	11 %	\$ 3,301	\$ 2,849	16 %
China Joint Venture ⁽¹⁾	\$ 378	\$ 358	6 %	\$ 1,245	\$ 988	26 %

NUMBER OF POLICIES:	As of September 30,			As of December 31,		
	2018	2017	% Change	2017	% Change	
(Policies in thousands)						
Global Supplemental Benefits Policies	13,664	13,087	4 %	13,138	4 %	
China Joint Venture ⁽¹⁾	2,008	1,826	10 %	1,901	6 %	

(1) Cigna owns a 50% noncontrolling interest in its China Joint Venture and a 49% noncontrolling interest in its India Joint Venture. Cigna's proportional share of these joint ventures' earnings is reported in Other Revenues using the equity method of accounting under GAAP. As such, the operating revenues and policy counts from these joint ventures 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.

Cigna Corporation
Group Disability and Life
Segment Results (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums:						
Life	\$ 427	\$ 432	(1) %	\$ 1,280	\$ 1,310	(2) %
Disability	507	493	3	1,522	1,485	2
Other	73	65	12	213	196	9
Total premiums	1,007	990	2	3,015	2,991	1
Fees	24	25	(4)	74	77	(4)
Net investment income	89	84	6	275	262	5
Other revenues	1	-	N/M	-	2	(100)
Net realized investment gains (losses)	3	37	(92)	(8)	67	(112)
Total revenues	1,124	1,136	(1)	3,356	3,399	(1)
Less: Net realized investment gains (losses)	3	37	(92)	(8)	67	(112)
Operating revenues	1,121	1,099	2	3,364	3,332	1
Benefits and Expenses:						
Benefit expenses	754	755	-	2,299	2,301	-
Operating expenses excluding special items	241	236	2	727	700	4
Special items (see details on page 2)	-	-	N/M	-	23	(100)
Benefits and expenses	995	991	-	3,026	3,024	-
Income before income taxes	129	145	(11)	330	375	(12)
Income taxes	23	48	(52)	63	122	(48)
Shareholders' net income from Group Disability and Life	106	97	9	267	253	6
After-tax adjustments to reconcile to adjusted income from operations:						
Net realized investment (gains) losses	(4)	(24)		5	(44)	
Special items (see details on page 2)	(2)	-		(2)	15	
Adjusted income from operations	\$ 100	\$ 73	37 %	\$ 270	\$ 224	21 %
Adjusted margin for Group Disability and Life	8.9 %	6.6 %	230 bps	8.0 %	6.7 %	130 bps

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

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2018	2017	% Change	2018	2017	% Change
Revenues:						
Premiums ⁽²⁾	\$ 29	\$ 23	26 %	\$ 82	\$ 72	14 %
Fees ⁽²⁾	(5)	(5)	-	(16)	(15)	(7)
Net investment income including special items	107	94	14	292	284	3
Other revenues ⁽²⁾	(4)	-	N/M	(6)	(3)	(100)
Net realized investment (losses) gains	(8)	5	(260)	(7)	2	N/M
Total revenues	119	117	2	345	340	1
Less: Net realized investment (losses) gains	(8)	5	(260)	(7)	2	N/M
Less: Special item (see transaction-related cost details on page 2) ⁽³⁾	13	-	N/M	13	-	N/M
Operating revenues	114	112	2	339	338	-
Benefits and Expenses:						
Benefit expenses ⁽²⁾	91	81	12	253	240	5
Operating expenses excluding special items ⁽²⁾	87	99	(12)	266	296	(10)
Special items (see details on page 2)	143	330	(57)	333	409	(19)
Benefits and expenses	321	510	(37)	852	945	(10)
(Loss) before income taxes	(202)	(393)	49	(507)	(605)	16
Income tax (benefits)	(38)	(141)	73	(90)	(287)	69
Shareholders' net (loss) from Corporate and Other	(164)	(252)	35	(417)	(318)	(31)
Adjustments to reconcile to adjusted (loss) from operations:						
Net realized investment losses (gains)	7	(4)		6	(2)	
Special items (see details on page 2)	105	215		264	217	
Adjusted (loss) from operations	\$ (52)	\$ (41)	(27) %	\$ (147)	\$ (103)	(43) %

(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 September 30, 2018, expected to be filed on November 1, 2018.

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

(3) 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-Q for the period ended September 30, 2018, expected to be filed on November 1, 2018.

Cigna Corporation
Consolidated Balance Sheets

(Dollars in millions)

	As of September 30, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)		As of September 30, 2018 (Unaudited)	As of December 31, 2017 (Unaudited)
Assets			Liabilities		
Investments:					
Fixed maturities, at fair value (see pages 13 and 14) (amortized cost, \$22,869 and \$21,867)	\$ 23,268	\$ 23,138	Contractholder deposit funds	\$ 8,069	\$ 8,196
Equity securities	579	588	Future policy benefits	9,652	10,040
Commercial mortgage loans	1,867	1,761	Unpaid claims and claim expenses	5,259	5,168
Policy loans	1,421	1,415	Global Health Care medical costs payable	2,955	2,719
Other long-term investments	1,739	1,518	Unearned premiums	683	724
Short-term investments	102	199	Total insurance and contractholder liabilities	26,618	26,847
Total investments	28,976	28,619			
Cash and cash equivalents	24,032	2,972	Accounts payable, accrued expenses and other liabilities	7,541	7,290
Premiums, accounts and notes receivable, net	3,609	3,380	Short-term debt	9	240
Reinsurance recoverables ⁽¹⁾	5,780	6,046	Long-term debt	25,041	5,199
Deferred policy acquisition costs	2,350	2,237	Separate account liabilities	8,162	8,423
Property and equipment	1,559	1,563	Total liabilities	67,371	47,999
Deferred tax assets, net	132	39			
Goodwill	6,129	6,164	Redeemable noncontrolling interests	30	49
Other assets, including other intangibles ⁽²⁾	2,227	2,316	Shareholders' Equity		
Separate account assets	8,162	8,423	Common stock	74	74
			Additional paid-in capital	2,985	2,940
			Accumulated other comprehensive loss	(1,857)	(1,082)
			Retained earnings	18,474	15,800
			Less treasury stock, at cost	(4,121)	(4,021)
			Total shareholders' equity	15,555	13,711
Total assets	\$ 82,956	\$ 61,759	Total liabilities and equity	\$ 82,956	\$ 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 September 30, 2018, expected to be filed on November 1, 2018 for additional details.

- (1) Includes \$5.0 billion as of September 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 \$0.6 billion as of September 30, 2018 and \$0.8 billion as of December 31, 2017 related to the GMIB liability.

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

(Dollars in millions)

Sector	As of September 30, 2018				As of December 31, 2017			
	Public	Private	Total ⁽¹⁾	% of Fixed Maturities	Public	Private	Total ⁽¹⁾	% of Fixed Maturities
United States government	\$ 747	\$ -	\$ 747	3%	\$ 779	\$ -	\$ 779	3%
States and local government	990	-	990	4%	1,287	-	1,287	6%
Foreign government	2,413	78	2,491	11%	2,410	77	2,487	11%
Government	4,150	78	4,228	18%	4,476	77	4,553	20%
Basic industry	1,974	1,227	3,201	14%	1,892	1,240	3,132	13%
Capital goods	1,275	968	2,243	9%	1,070	990	2,060	9%
Communications	909	79	988	4%	1,020	111	1,131	5%
Consumer	2,998	968	3,966	17%	2,931	1,102	4,033	17%
Electric and utility	1,173	1,114	2,287	10%	1,138	1,204	2,342	10%
Energy and natural gas	1,099	556	1,655	7%	1,145	619	1,764	8%
Financial	3,285	695	3,980	17%	2,834	621	3,455	15%
Other	73	109	182	1%	83	88	171	1%
Corporate	12,786	5,716	18,502	79%	12,113	5,975	18,088	78%
Mortgage and other asset-backed	122	416	538	3%	87	410	497	2%
Total fixed maturities ⁽²⁾	\$ 17,058	\$ 6,210	\$ 23,268	100%	\$ 16,676	\$ 6,462	\$ 23,138	100%
% of fixed maturities	73%	27%	100%		72%	28%	100%	

(1) 90% and 89% of fixed maturities were investment grade as of September 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 September 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 September 30, 2018 expected to be filed on November 1, 2018.

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

(Dollars in millions)

Sector	As of September 30, 2018			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 558	\$ 194	\$ 5	\$ 747
State and local government	934	59	3	990
Foreign government	2,369	136	14	2,491
Government	3,861	389	22	4,228
Basic industry	3,182	83	64	3,201
Capital goods	2,239	56	52	2,243
Communications	978	27	17	988
Consumer	3,985	76	95	3,966
Electric and utility	2,253	89	55	2,287
Energy and natural gas	1,643	43	31	1,655
Financial	4,009	46	75	3,980
Other	187	1	6	182
Corporate	18,476	421	395	18,502
Mortgage and other asset-backed	532	16	10	538
Total fixed maturities	\$ 22,869	\$ 826	\$ 427	\$ 23,268

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)

Nine Months Ended September 30,
2018 2017

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	2,499	\$	1,965
Adjustments to reconcile net income to net cash provided by (used in) operating activities:				
Depreciation and amortization		438		425
Realized investment losses (gains)		36		(214)
Deferred income taxes		17		62
Net changes in assets and liabilities, net of non-operating effects:				
Premiums, accounts and notes receivable		(243)		(190)
Reinsurance recoverables		100		144
Deferred policy acquisition costs		(195)		(209)
Other assets		339		(156)
Insurance liabilities		408		988
Accounts payable, accrued expenses and other liabilities ⁽¹⁾		113		221
Current income taxes		73		7
Debt extinguishment costs		-		321
Distributions from partnership investments		128		114
Other, net		(69)		33
Net cash provided by operating activities ⁽¹⁾		3,644		3,511
Net cash used in investing activities		(1,674)		(1,100)
Net cash provided by (used in) financing activities ⁽²⁾		19,115		(1,968)
Effect of foreign currency rate changes on cash and cash equivalents		(25)		28
Net increase in cash and cash equivalents		21,060		471
Cash and cash equivalents, beginning of year		2,972		3,185
Cash and cash equivalents, end of year	\$	24,032	\$	3,656

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

(2) Includes \$19,884 million for the issuance of long-term debt and \$131 million for the repayment of long-term debt for the nine months ended September 30, 2018.