

**Cigna Corporation**

**Quarterly Financial Supplement**  
**March 31, 2020**

*This document is dated April 30, 2020. 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**  
**March 31, 2020 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.*

*As of December 31, 2019, the transition of customers was substantially complete; therefore, beginning in 2020, we no longer exclude results of transitioning clients from adjusted revenues and adjusted income from operations.*

*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 March 31,			% Change	
	2020	2019			
<b>Total revenues</b>	\$ 38,469	\$ 37,946		1 %	
Revenue contributions from transitioning clients	—	(4,489)		N/M	
Net realized investment results from certain equity method investments	10	(28)		N/M	
Special item related to contractual adjustment for a former client	(87)	—		N/M	
Adjusted revenues <sup>(1)</sup>	\$ 38,392	\$ 33,429		15 %	
<b>Shareholders' net income</b>	\$ 1,181	\$ 1,368		(14) %	
<b>Pre-Tax Adjusted Income (Loss) From Operations by Segment</b>					
Health Services	\$ 1,082	\$ 994		9 %	
Integrated Medical	1,199	1,170		2	
International Markets	282	206		37	
Group Disability and Other	77	84		(8)	
Corporate	(405)	(490)		17	
Consolidated pre-tax adjusted income from operations	\$ 2,235	\$ 1,964		14 %	
Adjusted income tax expense	477	466		2	
Consolidated after-tax adjusted income from operations	\$ 1,758	\$ 1,498		17 %	
<b>Diluted earnings per share</b>					
<b>Shareholders' net income</b>	\$ 3.15	\$ 3.56		(12) %	
After-tax adjustments to reconcile to adjusted income from operations					
Net realized investment (gains) losses	0.21	(0.10)			
Amortization of acquired intangible assets	0.82	1.47			
Adjustment for transitioning clients	—	(1.31)			
<b>Special items</b>					
Debt extinguishment costs	0.38	—			
Integration and transaction-related costs	0.20	0.28			
Charge for organizational efficiency plan	0.06	—			
Charges associated with litigation matters	0.05	—			
Contractual adjustment for a former client	(0.18)	—			
Adjusted income from operations	\$ 4.69	\$ 3.90		20 %	
Weighted average shares (in thousands)	374,639	384,024			
<b>Adjusted EBITDA <sup>(2)</sup></b>	\$ 2,822	\$ 2,571		10 %	
<b>Operating cash flow (see page 12)</b>	\$ 1,887	\$ 3,192		(41) %	
<b>SG&amp;A expense ratio <sup>(3)</sup></b>	8.5 %	9.3 %		80 bps	
<b>CUSTOMER RELATIONSHIPS</b>					
	As of March 31,			As of December 31,	
(Relationships, lives and policies in thousands)	2020	2019	% Change	2019	% Change
Pharmacy excluding transitioning clients	78,804	74,935	5 %	75,903	4 %
Total Medical Customers (see page 7)	17,218	16,993	1	17,145	—
Behavioral care	37,231	28,046	33	30,361	23
Dental	18,018	17,122	5	17,231	5
Medicare Part D	3,295	3,302	—	3,276	1
International Markets policies	12,453	12,576	(1)	12,444	—
Group Disability and Life covered lives (estimated)	15,900	15,200	5	15,400	3
Total customer relationships	182,919	168,174	9 %	171,760	6 %

(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 March 31,		
	2020	2019	% Change
<b>Revenues</b>			
Pharmacy revenues	\$ 25,098	\$ 25,179	— %
Premiums	10,840	9,971	9
Fees and other revenues	2,178	2,450	(11)
Net investment income	353	346	2
Total revenues	38,469	37,946	1
<b>Benefits and expenses</b>			
Pharmacy and other service costs	24,190	24,050	1
Medical costs and other benefit expenses	8,322	7,620	9
Selling, general and administrative expenses excluding special items	3,245	3,167	2
Amortization of acquired intangible assets	498	743	(33)
Special items	153	136	13
Total benefits and expenses	36,408	35,716	2
<b>Income from operations</b>	2,061	2,230	(8)
Interest expense and other	(391)	(452)	13
Debt extinguishment costs	(185)	—	N/M
Net realized investment gains (losses)	(88)	10	N/M
<b>Income before income taxes</b>	1,397	1,788	(22)
Total income taxes	208	416	(50)
<b>Net income</b>	1,189	1,372	(13)
Less: Net income attributable to noncontrolling interests	8	4	100
<b>Shareholders' net income</b>	1,181	1,368	(14)
<b>After-tax adjustments to reconcile adjusted income from operations</b>			
Adjustment for transitioning clients	—	(504)	
Net realized investment (gains) losses	77	(38)	
Amortization of acquired intangible assets	309	564	
<b>Special items</b>			
Debt extinguishment costs	140	—	
Integration and transaction-related costs	74	108	
Charge for organizational efficiency plan	24	—	
Charges associated with litigation matters	19	—	
Contractual adjustment for a former client	(66)	—	
Adjusted income from operations	\$ 1,758	\$ 1,498	17 %

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

(Dollars in millions)

	Three Months Ended March 31,		
	2020	2019	% Change
<b>Revenues</b>			
Pharmacy revenues	\$ 26,125	\$ 25,920	1 %
Fees and other revenues	1,105	1,014	9
Net investment income	25	15	67
Total revenues	27,255	26,949	1
<b>Benefits and expenses</b>			
Pharmacy and other service costs	25,554	24,835	3
Gross profit	1,701	2,114	(20)
Selling, general and administrative expenses	528	458	15
Amortization of acquired intangible assets	479	713	(33)
<b>Income from operations</b>	694	943	(26)
Interest expense and other	—	(1)	N/M
<b>Income before income taxes</b>	694	942	(26)
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>			
Adjustment for transitioning clients	—	(660)	
Pre-tax (income) attributable to noncontrolling interests	(4)	(1)	
Amortization of acquired intangible assets	479	713	
Special items	(87)	—	
<b>Pre-tax adjusted income from operations</b>	\$ 1,082	\$ 994	9 %
<b>Pre-tax adjusted margin</b>	4.0 %	4.4 %	(40) bps
<b>Reconciliation of total revenues to adjusted revenues</b>			
Total revenues	\$ 27,255	\$ 26,949	1 %
Revenue contributions from transitioning clients	—	(4,489)	N/M
Special item related to contractual adjustment for a former client	(87)	—	N/M
Adjusted revenues <sup>(1)</sup>	\$ 27,168	\$ 22,460	21 %

(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 March 31, 2020	Three Months Ended March 31, 2019
<b>Selected Financial Information <sup>(1)</sup></b>		
Adjusted EBITDA <sup>(2)</sup>	\$ 1,158	\$ 1,031
<b>Pharmacy revenue by distribution channel <sup>(1)</sup></b>		
Network revenues	\$ 12,791	\$ 9,268
Home delivery and specialty revenues	12,005	11,041
Other revenues	1,242	1,122
Total pharmacy revenues	\$ 26,038	\$ 21,431
<b>Pharmacy script volume</b>		
Adjusted network scripts <sup>(3)</sup>	288	222
Adjusted home delivery and specialty scripts <sup>(3)</sup>	72	70
Total adjusted scripts <sup>(3)</sup>	360	292
<b>Generic fill rate</b>		
Network	88.2 %	87.8 %
Home delivery	84.8 %	84.4 %
Overall generic fill rate	87.9 %	87.4 %

(1) Health Services segment metrics on this page are presented excluding special items and, for 2019, 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 March 31,		
	2020	2019	% Change
<b>Revenues</b>			
Premiums	\$ 8,320	\$ 7,583	10 %
Fees and other revenues	1,414	1,489	(5)
Net investment income	126	123	2
Total revenues <sup>(1)</sup>	<u>9,860</u>	<u>9,195</u>	7
<b>Benefits and expenses</b>			
Medical costs	6,514	5,985	9
Selling, general and administrative expenses	2,147	2,040	5
Amortization of acquired intangible assets	11	18	(39)
Total benefits and expenses	<u>8,672</u>	<u>8,043</u>	8
<b>Income from operations</b>			
	<u>1,188</u>	<u>1,152</u>	3
Net realized investment gains (losses)	(48)	5	N/M
<b>Income before income taxes</b>			
	<u>1,140</u>	<u>1,157</u>	(1)
<b>Pre-tax adjustments required to reconcile to adjusted income from operations</b>			
Net realized investment (gains) losses	48	(5)	
Amortization of acquired intangible assets	11	18	
<b>Pre-tax adjusted income from operations</b>			
	<u>\$ 1,199</u>	<u>\$ 1,170</u>	2 %
<b>Pre-tax adjusted margin</b>			
	12.2 %	12.7 %	(50) 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 March 31,		
	2020	2019	% Change
<b>Premiums:</b>			
<b>Commercial Premiums</b>			
Risk	\$ 3,461	\$ 3,039	14 %
Stop loss	1,161	1,069	9
Other	289	278	4
Total Commercial premiums	<u>4,911</u>	<u>4,386</u>	12
<b>Government Premiums</b>			
Medicare Advantage	1,881	1,607	17
Medicare Part D	462	525	(12)
Other	1,066	1,065	—
Total Government premiums	<u>3,409</u>	<u>3,197</u>	7
Total premiums	8,320	7,583	10
Fees and other revenues	1,414	1,489	(5)
Net investment income	126	123	2
<b>Total revenues</b>	<b>\$ 9,860</b>	<b>\$ 9,195</b>	<b>7 %</b>
<b>Medical Care Ratio</b>	<b>78.3 %</b>	<b>78.9 %</b>	<b>60 bps</b>



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

COVERED LIVES BY FUNDING TYPE:	As of March 31,			As of December 31,			COVERED LIVES BY MARKET SEGMENT: <sup>(3)</sup>	As of March 31,			As of December 31,	
	2020	2019	% Change	2019	% Change	2020		2019 <sup>(4)</sup>	% Change	2019	% 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	2,133	1,991	7 %	2,114	1 %	National Accounts	3,503	3,687	(5) %	3,581	(2) %	
Government risk						Middle Market	8,192	8,100	1	8,212	—	
Medicare Advantage	510	442	15	444	15	Select	2,444	2,228	10	2,393	2	
Other <sup>(2)</sup>	902	963	(6)	917	(2)	Small	1	1	—	1	—	
Total government risk	1,412	1,405	—	1,361	4	Total Commercial	14,140	14,016	1	14,187	—	
Services only customers - Integrated Medical	12,007	12,025	—	12,073	(1)	Total Government	1,412	1,405	—	1,361	4	
Total Integrated Medical	15,552	15,421	1	15,548	—	Total Integrated Medical	15,552	15,421	1	15,548	—	
International Markets	1,666	1,572	6	1,597	4	International Markets	1,666	1,572	6	1,597	4	
<b>Total medical customers</b>	<b>17,218</b>	<b>16,993</b>	<b>1 %</b>	<b>17,145</b>	<b>— %</b>	<b>Total medical customers</b>	<b>17,218</b>	<b>16,993</b>	<b>1 %</b>	<b>17,145</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 March 31, 2020, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (242,000 customers), off-exchange ACA business (9,000 customers) and off-exchange non ACA business (27,000 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.

~ 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 March 31,		
	2020	2019	% Change
<b>Revenues</b>			
Premiums	\$ 1,375	\$ 1,304	5 %
Fees and other revenues	45	80	(44)
Net investment income	40	38	5
Total revenues	1,460	1,422	3
<b>Benefits and expenses</b>			
Medical costs and other benefit expenses	795	746	7
Selling, general and administrative expenses <sup>(1)</sup>	390	437	(11)
Amortization of acquired intangible assets	7	11	(36)
Total benefits and expenses	1,192	1,194	—
<b>Income from operations</b>			
	268	228	18
Interest expense and other	2	(1)	N/M
Net realized investment gains (losses)	(36)	(5)	N/M
<b>Income before income taxes</b>			
	234	222	5
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>			
Pre-tax (income) attributable to noncontrolling interests	(5)	(4)	
Net realized investment (gains) losses	46	(23)	
Amortization of acquired intangible assets	7	11	
<b>Pre-tax adjusted income from operations</b>			
	\$ 282	\$ 206	37 %
<b>Pre-tax adjusted margin</b>			
	19.2 %	14.8 %	440 bps
<b>Reconciliation of total revenues to adjusted revenues</b>			
Total revenues	\$ 1,460	\$ 1,422	3 %
Net realized investment results from certain equity method investments	10	(28)	N/M
Adjusted revenues <sup>(2)</sup>	\$ 1,470	\$ 1,394	5 %

(1) Selling, general and administrative expenses include policy acquisition expenses of \$134 million for the three months ended March 31, 2020 and \$171 million for the three months ended March 31, 2019.

(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)**

(Dollars in millions)

	Three Months Ended March 31,		
	2020	2019	% Change
<b>Revenues</b>			
Premiums	\$ 1,149	\$ 1,088	6 %
Fees and other revenues	28	28	—
Net investment income	162	180	(10)
Total revenues <sup>(1)</sup>	<u>1,339</u>	<u>1,296</u>	3
<b>Benefits and expenses</b>			
Benefit expenses	1,002	939	7
Selling, general and administrative expenses	260	272	(4)
Amortization of acquired intangible assets	1	1	—
Total benefits and expenses	<u>1,263</u>	<u>1,212</u>	4
<b>Income from operations</b>			
	<u>76</u>	<u>84</u>	(10)
Interest expense and other	—	(1)	N/M
Net realized investment gains (losses)	(4)	10	N/M
<b>Income before income taxes</b>			
	<u>72</u>	<u>93</u>	(23)
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>			
Net realized investment (gains) losses	4	(10)	
Amortization of acquired intangible assets	1	1	
<b>Pre-tax adjusted income from operations</b>			
	<u>\$ 77</u>	<u>\$ 84</u>	(8) %
<b>Pre-tax adjusted margin</b>			
	<u>5.8 %</u>	<u>6.5 %</u>	(70) bps

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

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

*(Dollars in millions)*

	Three Months Ended March 31,			% Change
	2020	2019		
Total revenues and eliminations <sup>(1)</sup>	\$ (1,445)	\$ (916)	(58)	%
Total expenses and eliminations excluding special items <sup>(1)</sup>	(1,433)	(875)	(64)	
Special items	153	136	13	
Total expenses and eliminations	(1,280)	(739)	(73)	
<b>(Loss) from operations</b>	<b>(165)</b>	<b>(177)</b>	7	
Interest expense and other	(393)	(449)	12	
Debt extinguishment costs	(185)	—	N/M	
<b>(Loss) before income taxes</b>	<b>(743)</b>	<b>(626)</b>	(19)	
<b>Pre-tax adjustments required to reconcile adjusted income from operations</b>				
Special items	338	136		
<b>Pre-tax adjusted (loss) from operations</b>	<b>\$ (405)</b>	<b>\$ (490)</b>	17	%

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

## Cigna Corporation Consolidated Balance Sheets

(Dollars in millions)

	As of March 31, 2020 (Unaudited)	As of December 31, 2019		As of March 31, 2020 (Unaudited)	As of December 31, 2019
<b>Assets</b>			<b>Liabilities</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash and cash equivalents	\$ 4,452	\$ 4,619	Insurance and contractholder liabilities <sup>(3)</sup>	\$ 5,030	\$ 4,921
Investments	973	937	Pharmacy and service costs payable	10,797	10,454
Accounts receivable, net	11,735	10,716	Accounts payable	5,585	5,090
Inventories	2,565	2,661	Accrued expenses	7,585	7,347
Other current assets	1,733	1,400	Short-term debt and current maturities of long-term debt	4,340	5,514
Assets held for sale <sup>(1)</sup>	9,419	9,512	Liabilities held for sale <sup>(1)</sup>	7,043	6,812
Total current assets	30,877	29,845	Total current liabilities	40,380	40,138
Long-term investments	20,608	21,542	Insurance and contractholder liabilities	15,838	16,052
Reinsurance recoverables <sup>(2)</sup>	5,047	5,100	Deferred tax liabilities, net	9,066	9,387
Deferred policy acquisition costs	2,959	2,958	Other non-current liabilities	4,519	4,460
Property and equipment	4,317	4,417	Long-term debt	32,147	31,893
Goodwill	44,584	44,602	Separate account liabilities	7,640	8,465
Other intangibles	36,162	36,562	Total liabilities	109,590	110,395
Other assets	2,517	2,283			
Separate account assets	7,640	8,465	Redeemable noncontrolling interests	35	35
			<b>Shareholders' Equity</b>		
			Common stock	4	4
			Additional paid-in capital	28,554	28,306
			Accumulated other comprehensive (loss)	(1,527)	(941)
			Retained earnings	21,298	20,162
			Less treasury stock, at cost	(3,250)	(2,193)
			Total shareholders' equity	45,079	45,338
			Noncontrolling interests	7	6
			Total equity	45,086	45,344
<b>Total assets</b>	<b>\$ 154,711</b>	<b>\$ 155,774</b>	<b>Total liabilities and equity</b>	<b>\$ 154,711</b>	<b>\$ 155,774</b>

(1) The assets and liabilities of the Group Disability and Life business have been classified as held for sale. For additional information regarding the sale of the Group Disability and Life Insurance business to New York Life, see the Assets and Liabilities of Business Held for Sale footnote in Cigna's Form 10-Q for the period ended March 31, 2020, expected to be filed on May 7, 2020.

(2) Includes \$4.67 billion as of both March 31, 2020 and December 31, 2019 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.

(3) Insurance and contractholder liabilities includes \$3.00 billion as of March 31, 2020 and \$2.89 billion as of December 31, 2019 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 March 31, 2020, expected to be filed on May 7, 2020.

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

(Dollars in millions)

	Three Months Ended March 31,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income	\$ 1,189	\$ 1,372
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	693	897
Realized investment losses (gains), net	88	(10)
Deferred income tax (benefit)	(161)	(162)
Debt extinguishment costs	185	—
<b>Net changes in assets and liabilities, net of non-operating effects:</b>		
Accounts receivable	(1,056)	(396)
Inventories	96	440
Deferred policy acquisition costs	(138)	(51)
Reinsurance recoverable and other assets	(210)	124
Insurance liabilities	341	360
Pharmacy costs and service costs payable	408	444
Accounts payable and accrued expenses and other liabilities	308	91
Other, net	144	83
<b>Net cash provided by operating activities</b>	<b>1,887</b>	<b>3,192</b>
<b>Net cash (used in) provided by investing activities</b>	<b>(269)</b>	<b>475</b>
<b>Net cash (used in) financing activities <sup>(1)</sup></b>	<b>(1,818)</b>	<b>(2,534)</b>
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	(37)	(12)
<b>Net (decrease) increase in cash, cash equivalents and restricted cash</b>	<b>(237)</b>	<b>1,121</b>
Cash, cash equivalents, and restricted cash January 1 <sup>(2)</sup>	5,411	3,855
Cash, cash equivalents, and restricted cash March 31	\$ 5,174	\$ 4,976
Cash reclassified to assets held for sale	(597)	—
Cash, cash equivalents, and restricted cash March 31, per Consolidated Balance Sheets <sup>(3)</sup>	\$ 4,577	\$ 4,976

(1) Includes \$4.2 billion for the repayment of long term debt and \$175 million for the repayment of commercial paper, offset by \$3.5 billion for the issuance of long term debt for the three months ended March 31, 2020.

(2) Includes restricted cash of \$26 million reported in Other noncurrent assets and \$23 million reported in Long-term investments, and \$743 million cash reported in Assets held for sale as of January 1, 2020.

(3) Includes restricted cash of \$125 million reported in Long-term investments as of March 31, 2020.

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

(Dollars in millions)

Sector	As of March 31, 2020				As of December 31, 2019			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States government	\$ 411	\$ 216	\$ —	\$ 627	\$ 498	\$ 235	\$ —	\$ 733
State and local government	701	76	—	777	729	81	—	810
Foreign government	1,930	255	(7)	2,178	2,027	230	(1)	2,256
Government	3,042	547	(7)	3,582	3,254	546	(1)	3,799
Basic industry	3,343	166	(90)	3,419	3,310	258	(4)	3,564
Capital goods	2,286	94	(48)	2,332	2,298	157	(3)	2,452
Communications	828	38	(9)	857	823	54	(1)	876
Consumer	3,938	182	(114)	4,006	3,845	254	(4)	4,095
Electric and utility	2,313	156	(27)	2,442	2,255	220	(1)	2,474
Energy and natural gas	1,617	44	(91)	1,570	1,761	114	(8)	1,867
Financial	3,608	134	(70)	3,672	3,638	233	(6)	3,865
Other	205	9	(9)	205	219	9	(1)	227
Corporate	18,138	823	(458)	18,503	18,149	1,299	(28)	19,420
Mortgage and other asset-backed	495	16	(23)	488	506	31	(1)	536
<b>Total debt securities</b>	<b>\$ 21,675</b>	<b>\$ 1,386</b>	<b>\$ (488)</b>	<b>\$ 22,573</b>	<b>\$ 21,909</b>	<b>\$ 1,876</b>	<b>\$ (30)</b>	<b>\$ 23,755</b>

As of March 31, 2020, amortized cost of \$145 million is presented net of an allowance for credit losses of \$55 million for debt securities with a fair value of \$90 million all in the corporate sector.

The table above includes debt securities that are associated with the Group Disability and Life business that is classified as held for sale. For additional information regarding the sale of the Group Disability and Life insurance business to New York Life, see the Assets and Liabilities of Business Held for Sale footnote in Cigna's Form 10-Q for the period ended March 31, 2020, expected to be filed on May 7, 2020.

**Cigna Corporation**  
**Summary of Commercial Mortgage Loans (unaudited)**  
**As of March 31, 2020**

(Dollars in millions)

Geographic Region	Property Type							Total	% of Mortgage Loans
	Office Buildings	Apartment Buildings	Industrial	Hotels	Retail	Other			
Massachusetts	\$ 43	\$ 74	\$ —	\$ 96	\$ —	\$ —	\$ 213	11 %	
Other <sup>(1)</sup>	—	—	—	—	12	—	12	1 %	
<b>New England</b>	<b>43</b>	<b>74</b>	<b>—</b>	<b>96</b>	<b>12</b>	<b>—</b>	<b>225</b>	<b>12 %</b>	
New York	50	54	—	—	—	—	104	6 %	
New Jersey	—	42	—	—	—	—	42	2 %	
<b>Middle Atlantic</b>	<b>50</b>	<b>96</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>146</b>	<b>8 %</b>	
Virginia	52	47	—	—	—	—	99	5 %	
Georgia	—	18	—	—	34	—	52	3 %	
Other <sup>(1)</sup>	43	29	—	—	12	—	84	4 %	
<b>South Atlantic</b>	<b>95</b>	<b>94</b>	<b>—</b>	<b>—</b>	<b>46</b>	<b>—</b>	<b>235</b>	<b>12 %</b>	
Illinois	64	59	—	—	—	—	123	6 %	
Texas	102	112	—	—	—	—	214	11 %	
<b>Central</b>	<b>166</b>	<b>171</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>337</b>	<b>17 %</b>	
Nevada	—	—	49	—	—	—	49	3 %	
Other <sup>(1)</sup>	—	—	—	30	—	—	30	1 %	
<b>Mountain</b>	<b>—</b>	<b>—</b>	<b>49</b>	<b>30</b>	<b>—</b>	<b>—</b>	<b>79</b>	<b>4 %</b>	
California	241	164	150	—	100	27	682	35 %	
Washington	20	184	—	—	—	—	204	10 %	
Other <sup>(1)</sup>	—	—	18	—	16	—	34	2 %	
<b>Pacific</b>	<b>261</b>	<b>348</b>	<b>168</b>	<b>—</b>	<b>116</b>	<b>27</b>	<b>920</b>	<b>47 %</b>	
<b>Totals, Gross</b>	<b>\$ 615</b>	<b>\$ 783</b>	<b>\$ 217</b>	<b>\$ 126</b>	<b>\$ 174</b>	<b>\$ 27</b>	<b>\$ 1,942</b>	<b>100 %</b>	
Allowance for Credit Losses							(7)		
<b>Total, Net</b>							<b>1,935</b>		
% of Mortgage Loans	<b>32 %</b>	<b>40 %</b>	<b>11 %</b>	<b>7 %</b>	<b>9 %</b>	<b>1 %</b>	<b>100 %</b>		
Loan to Value Ratio <sup>(2)</sup>	<b>57 %</b>	<b>62 %</b>	<b>50 %</b>	<b>55 %</b>	<b>50 %</b>	<b>49 %</b>	<b>58 %</b>		

(1) Represents states in a region with a concentration of less than 3%.

(2) The Loan to Value Ratios on the commercial mortgage loans that Cigna holds in its portfolio leverage internal valuations, which are estimates based on the most recent full year financial statements and budgets/projections for the next year, considering occupancy, rental rates, operating costs, and other relevant information. The values are primarily determined as part of an annual review process, which was completed in the second quarter of 2019.