

Cigna Corporation

Quarterly Financial Supplement September 30, 2016

This document is dated November 3, 2016. 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, 2016 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, net amortization of other acquired intangible assets and special items (identified and quantified on page 2). Operating revenues exclude net realized investment results. Adjusted income from operations and operating revenues are measures of results used by Cigna's management because they present the underlying results of operations of Cigna's businesses and permit analysis of trends in underlying revenue, expenses and profitability.

Adjusted income from operations on a consolidated basis and operating revenues 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.

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,		
	2016	2015	% Change	2016	2015	% Change
REVENUES						
Operating Revenues						
Global Health Care	\$ 7,713	\$ 7,408	4 %	\$ 23,437	\$ 22,361	5 %
Global Supplemental Benefits	866	793	9	2,507	2,344	7
Group Disability and Life	1,111	1,064	4	3,318	3,186	4
Corporate and Other	115	114	1	352	353	-
Consolidated operating revenues	9,805	9,379	5	29,614	28,244	5
Net realized investment gains	75	10	N/M	110	104	6
Total revenues	\$ 9,880	\$ 9,389	5 %	\$ 29,724	\$ 28,348	5 %
SHAREHOLDERS' NET INCOME						
Adjusted Income (Loss) From Operations						
Global Health Care	\$ 416	\$ 482	(14) %	\$ 1,446	\$ 1,454	(1) %
Global Supplemental Benefits	81	62	31	231	208	11
Group Disability and Life	53	84	(37)	56	241	(77)
Ongoing operations	550	628	(12)	1,733	1,903	(9)
Corporate and Other	(47)	(35)	(34)	(114)	(133)	14
Total	503	593	(15)	1,619	1,770	(9)
After-tax adjustments to reconcile to shareholders' net income:						
Realized investment gains	48	7		71	68	
Amortization of other acquired intangible assets, net	(24)	(24)		(72)	(76)	
Special Items (see details on page 2)	(71)	(29)		(133)	(94)	
Shareholders' net income	\$ 456	\$ 547	(17) %	\$ 1,485	\$ 1,668	(11) %
Diluted earnings per share:						
Adjusted income from operations	\$ 1.94	\$ 2.28	(15) %	\$ 6.24	\$ 6.79	(8) %
Shareholders' net income	\$ 1.76	\$ 2.10	(16) %	\$ 5.72	\$ 6.40	(11) %
Adjusted income from operations, excluding interest, taxes, depreciation and amortization	\$ 973	\$ 1,117	(13) %	\$ 3,091	\$ 3,349	(8) %

CUSTOMER RELATIONSHIPS

(Relationships, lives and policies in thousands)

	As of September 30,			As of December 31,		
	2016	2015	% Change	2015	% Change	
Global Health Care Medical Customers (see page 7)	15,177	14,849	2 %	14,999	1	%
Other Customer Relationships: (see page 7)						
Behavioral care	26,102	24,591	6	24,674	6	
Dental	14,960	13,872	8	13,869	8	
Pharmacy	8,370	7,980	5	8,068	4	
Medicare Part D	999	1,472	(32)	1,476	(32)	
Global Supplemental Benefit Policies (see page 9)	12,069	12,808	(6)	12,888	(6)	
Group Disability and Life covered lives (estimated)	15,600	14,200	10	15,600	-	
Total customer relationships	93,277	89,772	4 %	91,574	2	%

Cigna Corporation
Reconciliation of Adjusted Income (Loss) from Operations to Shareholders' Net Income (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	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Three Months Ended September 30,												
Adjusted income (loss) from operations	\$ 1.94	\$ 2.28	\$ 503	\$ 593	\$ 416	\$ 482	\$ 81	\$ 62	\$ 53	\$ 84	\$ (47)	\$ (35)
After-tax adjustments to reconcile to shareholders' net income:												
Realized investment gains (losses)	0.19	0.02	48	7	42	14	-	(1)	12	(6)	(6)	-
Amortization of other acquired intangible assets, net	(0.09)	(0.09)	(24)	(24)	(20)	(21)	(4)	(3)	-	-	-	-
Special items:												
Charges associated with litigation matters	(0.10)	-	(25)	-	(25)	-	-	-	-	-	-	-
Merger-related transaction costs	(0.18)	(0.11)	(46)	(29)	-	-	-	-	-	-	(46)	(29)
Shareholders' net income (loss)	\$ 1.76	\$ 2.10	\$ 456	\$ 547	\$ 413	\$ 475	\$ 77	\$ 58	\$ 65	\$ 78	\$ (99)	\$ (64)
Weighted average shares (in thousands)	259,754	260,519										
Special Items, pre-tax:												
Charges associated with litigation matters			\$ (40)	\$ -	\$ (40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Merger-related transaction costs			(49)	(35)	-	-	-	-	-	-	(49)	(35)
Total			\$ (89)	\$ (35)	\$ (40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (49)	\$ (35)

	Diluted Earnings Per Share		Consolidated		Global Health Care		Global Supplemental Benefits		Group Disability and Life		Corporate and Other	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Nine Months Ended September 30,												
Adjusted income (loss) from operations	\$ 6.24	\$ 6.79	\$ 1,619	\$ 1,770	\$ 1,446	\$ 1,454	\$ 231	\$ 208	\$ 56	\$ 241	\$ (114)	\$ (133)
After-tax adjustments to reconcile to shareholders' net income:												
Realized investment gains (losses)	0.27	0.26	71	68	49	50	(1)	(1)	25	13	(2)	6
Amortization of other acquired intangible assets, net	(0.28)	(0.29)	(72)	(76)	(56)	(64)	(16)	(12)	-	-	-	-
Special items:												
Charges associated with litigation matters	(0.10)	-	(25)	-	(25)	-	-	-	-	-	-	-
Debt extinguishment costs	-	(0.25)	-	(65)	-	-	-	-	-	-	-	(65)
Merger-related transaction costs	(0.41)	(0.11)	(108)	(29)	-	-	-	-	-	-	(108)	(29)
Shareholders' net income (loss)	\$ 5.72	\$ 6.40	\$ 1,485	\$ 1,668	\$ 1,414	\$ 1,440	\$ 214	\$ 195	\$ 81	\$ 254	\$ (224)	\$ (221)
Weighted average shares (in thousands)	259,568	260,617										
Common shares outstanding as of September 30, (in thousands)	256,720	257,592										
Special Items, pre-tax:												
Charges associated with litigation matters			\$ (40)	\$ -	\$ (40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Debt extinguishment costs			-	(100)	-	-	-	-	-	-	-	(100)
Merger-related transaction costs			(123)	(35)	-	-	-	-	-	-	(123)	(35)
Total			\$ (163)	\$ (135)	\$ (40)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (123)	\$ (135)

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenues:						
Premiums	\$ 7,605	\$ 7,347	4 %	\$ 23,005	\$ 22,181	4 %
Fees	1,086	1,038	5	3,346	3,161	6
Net investment income	282	285	(1)	848	858	(1)
Mail order pharmacy revenues	762	643	19	2,207	1,846	20
Other revenues	<u>70</u>	<u>66</u>	6	<u>208</u>	<u>198</u>	5
Consolidated operating revenues	9,805	9,379	5	29,614	28,244	5
Net realized investment gains	<u>75</u>	<u>10</u>	N/M	<u>110</u>	<u>104</u>	6
Total revenues	<u>9,880</u>	<u>9,389</u>	5	<u>29,724</u>	<u>28,348</u>	5
Benefits and Expenses:						
Global Health Care medical costs	4,692	4,539	3	14,230	13,720	4
Other benefit expenses	1,343	1,230	9	4,125	3,698	12
Mail order pharmacy costs	638	532	20	1,842	1,553	19
Operating expenses excluding special items	2,163	1,964	10	6,342	5,933	7
Depreciation and amortization:						
Amortization of other acquired intangible assets, net	37	39	(5)	115	122	(6)
Depreciation and other amortization	<u>113</u>	<u>110</u>	3	<u>345</u>	<u>329</u>	5
Total depreciation and amortization	150	149	1	460	451	2
Interest Expense	63	62	2	188	190	(1)
Special items (see details on page 2)	<u>89</u>	<u>35</u>	154	<u>163</u>	<u>135</u>	21
Total benefits and expenses	<u>9,138</u>	<u>8,511</u>	7	<u>27,350</u>	<u>25,680</u>	7
Income before income taxes	<u>742</u>	<u>878</u>	(15)	<u>2,374</u>	<u>2,668</u>	(11)
Income taxes:						
Current	210	282	(26)	842	965	(13)
Deferred	<u>80</u>	<u>52</u>	54	<u>63</u>	<u>44</u>	43
Total taxes	290	334	(13)	905	1,009	(10)
Net income	452	544	(17)	1,469	1,659	(11)
Less: net (loss) attributable to noncontrolling interests	(4)	(3)	(33)	(16)	(9)	(78)
Shareholders' net income	\$ 456	\$ 547	(17) %	\$ 1,485	\$ 1,668	(11) %

Cigna Corporation
Global Health Care
Segment Results (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenues:						
Premiums	\$ 5,751	\$ 5,607	3 %	\$ 17,547	\$ 17,004	3 %
Fees	1,056	1,012	4	3,259	3,078	6
Net investment income	77	85	(9)	230	251	(8)
Mail order pharmacy revenues	762	643	19	2,207	1,846	20
Other revenues	67	61	10	194	182	7
Operating revenues	7,713	7,408	4	23,437	22,361	5
Net realized investment gains	62	19	226	73	76	(4)
Total revenues	7,775	7,427	5	23,510	22,437	5
Benefits and Expenses:						
Global Health Care medical costs	4,692	4,539	3	14,230	13,720	4
Mail order pharmacy costs	638	532	20	1,842	1,553	19
Operating expenses	1,701	1,542	10	4,998	4,686	7
Amortization of other acquired intangible assets, net	30	34	(12)	89	103	(14)
Special items (see details on page 2)	40	-	-	40	-	-
Benefits and expenses	7,101	6,647	7	21,199	20,062	6
Income before income taxes	674	780	(14)	2,311	2,375	(3)
Income taxes	261	306	(15)	899	937	(4)
Income (loss) attributable to noncontrolling interest	-	(1)	100	(2)	(2)	-
Shareholders' net income from Global Health Care	413	475	(13)	1,414	1,440	(2)
After-tax adjustments required to reconcile to adjusted income from operations:						
Realized investment (gains)	(42)	(14)		(49)	(50)	
Amortization of other acquired intangible assets, net	20	21		56	64	
Special items (see details on page 2)	25	-	-	25	-	-
Adjusted income from operations	\$ 416	\$ 482	(14) %	\$ 1,446	\$ 1,454	(1) %

Cigna Corporation
Global Health Care
Revenue Analysis (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Premiums:						
Guaranteed cost	\$ 1,155	\$ 1,198	(4) %	\$ 3,450	\$ 3,571	(3) %
Experience-rated ⁽¹⁾	593	586	1	1,762	1,716	3
Stop loss	774	681	14	2,286	1,997	14
International health care	466	451	3	1,397	1,376	2
Dental	400	352	14	1,179	1,035	14
Medicare	1,608	1,517	6	5,075	4,613	10
Medicaid	283	280	1	860	815	6
Medicare Part D	252	339	(26)	878	1,238	(29)
Other	220	203	8	660	643	3
Total Premiums	5,751	5,607	3	17,547	17,004	3
Fees, including international health care	1,056	1,012	4	3,259	3,078	6
Premiums and fees	6,807	6,619	3	20,806	20,082	4
Net investment income	77	85	(9)	230	251	(8)
Mail order pharmacy revenues ⁽²⁾	762	643	19	2,207	1,846	20
Other revenues ⁽³⁾	67	61	10	194	182	7
Operating revenues	\$ 7,713	\$ 7,408	4 %	\$ 23,437	\$ 22,361	5 %

(1) Includes minimum premium business that has a risk profile similar to experience-rated funding arrangements. The risk portion of minimum premium revenue is reported in experience-rated medical premium whereas the self-funding portion of minimum premium revenue is reported in Fees, including international health care. 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.

(3) Includes non-risk revenues for direct channel specialty products and revenues for management services provided to independent physician associations and health plans.

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)
	2016	2015			2016	2015		
<u>Medical Care Ratios:</u>								
Commercial	79.4 %	79.3 %	(0.1)	78.0 %	77.3 %	(0.7)		
Government	85.3 %	83.6 %	(1.7)	85.9 %	85.9 %	-		
Consolidated Global Health Care	81.6 %	81.0 %	(0.6)	81.1 %	80.7 %	(0.4)		
Operating Expense ratio ⁽¹⁾	22.1 %	20.8 %	(1.3)	21.3 %	21.0 %	(0.3)		

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

PPACA – Related Taxes and Fees (unaudited)⁽²⁾

(Dollars in millions)

	Three Months Ended September 30,				Nine Months Ended September 30,			
	2016		2015		2016		2015	
Health insurance industry tax	\$	77	\$	77	\$	230	\$	233
Reinsurance fee		10		21		33		56
Other fees		3		4		8		12
Total PPACA-related taxes and fees	\$	90	\$	102	\$	271	\$	301

(2) These taxes and fees are primarily reported in operating expenses.

Cigna Corporation
Global Health Care
Estimated Covered Lives (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of September 30,			As of December 31,		
	2016	2015	% Change	2015	% Change	
<i>(Lives in thousands)</i>						
Medical customers: ⁽¹⁾						
Commercial risk:						
U.S. Guaranteed cost	850	864	(2) %	853	- %	
U.S. Experience-rated ⁽²⁾	848	841	1	848	-	
International health care - risk	843	787	7	801	5	
Total commercial risk ⁽²⁾	2,541	2,492	2	2,502	2	
Medicare	519	493	5	502	3	
Medicaid	64	65	(2)	65	(2)	
Total risk	3,124	3,050	2	3,069	2	
Total service, including international health care	12,053	11,799	2	11,930	1	
Total medical customers	15,177	14,849	2 %	14,999	1 %	
Other Customer Relationships:						
Behavioral care ⁽³⁾	26,102	24,591	6 %	24,674	6 %	
Dental ⁽³⁾	14,960	13,872	8 %	13,869	8 %	
Pharmacy ⁽³⁾	8,370	7,980	5 %	8,068	4 %	
Medicare Part D ⁽⁴⁾	999	1,472	(32) %	1,476	(32) %	

(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, or they may have stand-alone dental, managed pharmacy, or behavioral care coverage. 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.

COVERED LIVES BY MARKET SEGMENT: ⁽⁵⁾	As of September 30,			As of December 31,		
	2016	2015 ⁽⁶⁾	% Change	2015 ⁽⁶⁾	% Change	
<i>(Lives in thousands)</i>						
Medical customers: ⁽¹⁾						
U.S. Commercial:						
National Accounts	3,594	3,745	(4) %	3,726	(4) %	
Middle Market	8,012	7,730	4	7,844	2	
Select	1,319	1,190	11	1,235	7	
Individual	176	215	(18)	204	(14)	
Small	2	2	-	2	-	
Total U.S. Commercial	13,103	12,882	2	13,011	1	
International	1,491	1,409	6	1,421	5	
Total Commercial	14,594	14,291	2	14,432	1	
Medicare	519	493	5	502	3	
Medicaid	64	65	(2)	65	(2)	
Total Government	583	558	4	567	3	
Total medical customers	15,177	14,849	2 %	14,999	1 %	

(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 250 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 250 eligible employees;*
- ~ the Individual market segment includes individuals in thirteen states as of September 30, 2016: Arizona, California, Colorado, Connecticut, Florida, Georgia, Maryland, Missouri, New Jersey, North Carolina, South Carolina, Tennessee and Texas.*
- ~ 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 market segment transfers resulting primarily from increased/decreased enrollment at the account level.

Cigna Corporation
Global Supplemental Benefits
Segment Results (unaudited)

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenues:						
Premiums	\$ 827	\$ 756	9 %	\$ 2,389	\$ 2,229	7 %
Fees	6	5	20	16	16	-
Net investment income	29	26	12	82	78	5
Other revenues	4	6	(33)	20	21	(5)
Operating revenues	866	793	9	2,507	2,344	7
Net realized investment gains (losses)	2	(1)	300	-	-	N/M
Total revenues	868	792	10	2,507	2,344	7
Benefits and Expenses:						
Benefit expenses	452	413	9	1,323	1,233	7
Operating expenses ⁽¹⁾	308	306	1	899	862	4
Amortization of other acquired intangible assets, net	7	5	40	26	19	37
Benefits and expenses	767	724	6	2,248	2,114	6
Income before income taxes	101	68	49	259	230	13
Income taxes	28	12	133	59	42	40
Loss attributable to noncontrolling interests	(4)	(2)	(100)	(14)	(7)	(100)
Shareholders' net income from Global Supplemental Benefits	77	58	33	214	195	10
After-tax adjustments to reconcile to adjusted income from operations:						
Realized investment losses	-	1		1	1	
Amortization of other acquired intangible assets, net	4	3		16	12	
Adjusted income from operations	\$ 81	\$ 62	31 %	\$ 231	\$ 208	11 %

(1) Operating expenses include policy acquisition expenses of \$158 million for the three months and \$458 million for the nine months ended September 30, 2016 and \$160 million for the three months and \$447 million for the nine months ended September 30, 2015.

Movements in foreign currency exchange rates between reporting periods impact the comparability of reported results. In the table below, 2015 amounts are presented using 2016 actual exchange rates:

Excluding the Effect of Foreign Currency Movements:	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
(Dollars in millions)						
Premiums and fees	\$ 833	\$ 772	8 %	\$ 2,405	\$ 2,177	10 %
Adjusted income from operations	\$ 81	\$ 65	25 %	\$ 231	\$ 200	16 %

Cigna Corporation
Global Supplemental Benefits
Key Metrics (unaudited)

(Dollars in millions)

PREMIUM AND FEES BY GEOGRAPHY	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Korea	\$ 436	\$ 369	18 %	\$ 1,228	\$ 1,134	8 %
U.S.	156	145	8	465	383	21
Taiwan	68	70	(3)	198	209	(5)
UK	40	55	(27)	125	159	(21)
Turkey	22	21	5	67	65	3
Other	111	101	10	322	295	9
Total	\$ 833	\$ 761	9 %	\$ 2,405	\$ 2,245	7 %
China Joint Venture ⁽¹⁾	\$ 213	\$ 161	32 %	\$ 594	\$ 444	34 %

NUMBER OF POLICIES:	As of September 30,			As of December 31,	
	2016	2015	% Change	2015	% Change
Global Supplemental Benefits Policies	12,069	12,808	(6) %	12,888	(6) %
China Joint Venture ⁽¹⁾	1,607	1,386	16 %	1,438	12 %

(1) Cigna owns a 50% noncontrolling interest in its China Joint Venture. Cigna's 50% share of the joint venture's earnings is reported in Other Revenues using the equity method of accounting under GAAP. As such, the premiums and fees and policy counts from the China Joint Venture are not included in Premiums and Fees By Geography or Number of Policies. For informational purposes, the China Joint Venture premiums and fees 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,		
	2016	2015	% Change	2016	2015	% Change
Revenues:						
Premiums:						
Life	\$ 446	\$ 444	- %	\$ 1,334	\$ 1,329	- %
Disability	485	448	8	1,454	1,342	8
Other	69	67	3	204	196	4
Total premiums	1,000	959	4	2,992	2,867	4
Fees	24	21	14	71	67	6
Net investment income	85	84	1	253	252	-
Other revenues	2	-	N/M	2	-	N/M
Operating revenues	1,111	1,064	4	3,318	3,186	4
Net realized investment gains (losses)	17	(9)	289	38	21	81
Total revenues	1,128	1,055	7	3,356	3,207	5
Benefits and Expenses:						
Benefit expenses	804	731	10	2,550	2,202	16
Operating expenses	235	211	11	692	633	9
Benefits and expenses	1,039	942	10	3,242	2,835	14
Income before income taxes	89	113	(21)	114	372	(69)
Income taxes	24	35	(31)	33	118	(72)
Shareholders' net income from Group Disability and Life	65	78	(17)	81	254	(68)
After-tax adjustments to reconcile to adjusted income from operations:						
Realized investment (gains) losses	(12)	6		(25)	(13)	
Adjusted income from operations	\$ 53	\$ 84	(37) %	\$ 56	\$ 241	(77) %

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

(Dollars in millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2016	2015	% Change	2016	2015	% Change
Revenues:						
Premiums	\$ 27	\$ 25	8 %	\$ 77	\$ 81	(5) %
Net investment income	91	90	1	283	277	2
Other revenues	(3)	(1)	(200)	(8)	(5)	(60)
Operating revenues ⁽²⁾	115	114	1	352	353	-
Net realized investment gains (losses)	(6)	1	N/M	(1)	7	(114)
Total revenues	109	115	(5)	351	360	(3)
Benefits and Expenses:						
Benefit expenses	87	86	1	252	263	(4)
Operating expenses excluding special items ⁽²⁾	95	77	23	286	271	6
Special items (see details on page 2)	49	35	40	123	135	(9)
Benefits and expenses	231	198	17	661	669	(1)
Loss before income taxes	(122)	(83)	(47)	(310)	(309)	-
Income tax benefits	(23)	(19)	(21)	(86)	(88)	2
Shareholders' net loss from Corporate and Other Operations	(99)	(64)	(55)	(224)	(221)	(1)
Adjustments to reconcile to adjusted loss from operations:						
Realized investment (gains) losses	6	-		2	(6)	
Special items (see details on page 2)	46	29		108	94	
Adjusted (loss) from operations	\$ (47)	\$ (35)	(34) %	\$ (114)	\$ (133)	14 %

(1) In this Quarterly Financial Supplement, Other Operations and Corporate are combined under the heading "Corporate and Other."

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

Cigna Corporation
Consolidated Balance Sheets

(Dollars in millions)

	As of September 30, 2016 (Unaudited)	As of December 31, 2015		As of September 30, 2016 (Unaudited)	As of December 31, 2015
Assets			Liabilities		
Investments:					
Fixed maturities, at fair value (see pages 13 and 14) (amortized cost, \$19,392 and \$18,456)	\$ 21,244	\$ 19,455	Contractholder deposit funds	\$ 8,470	\$ 8,443
Equity securities, at fair value (cost, \$185 and \$190)	188	190	Future policy benefits	10,043	9,479
Commercial mortgage loans (see page 15)	1,822	1,864	Unpaid claims and claim expenses	4,889	4,574
Policy loans	1,442	1,419	Global Health Care medical costs payable	2,550	2,355
Other long-term investments	1,408	1,404	Unearned premiums	<u>1,179</u>	<u>629</u>
Short-term investments	<u>997</u>	<u>381</u>	Total insurance and contractholder liabilities	27,131	25,480
Total investments	27,101	24,713	Accounts payable, accrued expenses and other liabilities	6,374	6,493
Cash and cash equivalents	3,224	1,968	Short-term debt	271	149
Premiums, accounts and notes receivable, net	3,577	3,694	Long-term debt	4,780	5,020
Reinsurance recoverables ⁽¹⁾	6,539	6,813	Separate account liabilities	<u>8,156</u>	<u>7,833</u>
Deferred policy acquisition costs	1,876	1,659	Total liabilities	<u>46,712</u>	<u>44,975</u>
Property and equipment	1,561	1,534	Redeemable noncontrolling interests	68	69
Deferred tax assets, net	110	379	Shareholders' Equity		
Goodwill	6,007	6,019	Common stock	74	74
Other assets, including other intangibles ⁽²⁾	2,611	2,476	Additional paid-in capital	2,884	2,859
Separate account assets	8,156	7,833	Accumulated other comprehensive loss	(715)	(1,250)
			Retained earnings	13,487	12,121
			Less treasury stock, at cost	<u>(1,756)</u>	<u>(1,769)</u>
			Total shareholders' equity	13,974	12,035
			Noncontrolling interests	<u>8</u>	<u>9</u>
			Total equity	13,982	12,044
Total assets	\$ 60,762	\$ 57,088	Total liabilities and equity	\$ 60,762	\$ 57,088

(1) Includes \$5.6 billion as of September 30, 2016 and \$5.8 billion as of December 31, 2015 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 \$0.9 billion as of September 30, 2016 and December 31, 2015 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, 2016				As of December 31, 2015			
	Public	Private	Total ⁽¹⁾	% of Fixed Maturities	Public	Private	Total ⁽¹⁾	% of Fixed Maturities
United States Government	\$ 750	\$ -	\$ 750	4%	\$ 779	\$ -	\$ 779	4%
States and Local Government	1,508	-	1,508	7%	1,641	-	1,641	9%
Foreign Government	2,241	81	2,322	11%	1,948	66	2,014	10%
Government	4,499	81	4,580	22%	4,368	66	4,434	23%
Basic Industry	1,753	1,014	2,767	13%	1,425	1,008	2,433	12%
Capital Goods	853	1,017	1,870	9%	713	1,057	1,770	9%
Communications	999	61	1,060	5%	849	24	873	5%
Consumer	2,548	881	3,429	16%	2,149	1,002	3,151	16%
Electric and Utility	967	1,109	2,076	9%	845	898	1,743	9%
Energy and Natural Gas	1,066	632	1,698	8%	857	611	1,468	8%
Financial	2,529	618	3,147	15%	2,182	565	2,747	14%
Other	46	72	118	1%	188	75	263	1%
Corporate	10,761	5,404	16,165	76%	9,208	5,240	14,448	74%
Mortgage-Backed	36	-	36	0%	49	-	49	0%
Foreign Bank Obligations ⁽²⁾	-	154	154	1%	-	237	237	1%
Other Asset-Backed	60	249	309	1%	51	236	287	2%
Mortgage and other asset-backed	96	403	499	2%	100	473	573	3%
Total Fixed Maturities ⁽³⁾	\$ 15,356	\$ 5,888	\$ 21,244	100%	\$ 13,676	\$ 5,779	\$ 19,455	100%
% of Fixed Maturities	72%	28%	100%		70%	30%	100%	

- (1) 89% of fixed maturities were investment grade as of September 30, 2016 and December 31, 2015. The remaining fixed maturities were below investment grade holdings and invested mainly in corporate debt, evenly split between public and private placements.
- (2) Approximately 90% of foreign bank obligations for the period ended September 30, 2016 and 60% for the period ended December 31, 2015, were collateralized by U.S. government sponsored securities.
- (3) Problem and potential problem bonds at amortized cost, net of impairments, were \$51 million as of September 30, 2016 and \$34 million as of December 31, 2015. For more information, please refer to Cigna's Form 10-Q for the period ended September 30, 2016 expected to be filed on November 3, 2016.

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

(Dollars in millions)

Sector	As of September 30, 2016			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States Government	\$ 452	\$ 298	\$ -	\$ 750
State and Local Government	1,360	148	-	1,508
Foreign Government	2,104	221	3	2,322
Government	3,916	667	3	4,580
Basic Industry	2,570	215	18	2,767
Capital Goods	1,721	150	1	1,870
Communications	980	81	1	1,060
Consumer	3,186	247	4	3,429
Electric and Utility	1,865	217	6	2,076
Energy and Natural Gas	1,591	116	9	1,698
Financial	2,990	159	2	3,147
Other	112	7	1	118
Corporate	15,015	1,192	42	16,165
Mortgage-Backed	35	2	1	36
Foreign Bank Obligations	135	20	1	154
Other Asset-Backed	291	20	2	309
Mortgage and other asset-backed	461	42	4	499
Total Fixed Maturities	\$ 19,392	\$ 1,901	\$ 49	\$ 21,244

Sector	As of December 31, 2015			
	Amortized Cost	Unrealized Appreciation	Unrealized Depreciation	Fair Value
United States Government	\$ 528	\$ 251	\$ -	\$ 779
State and Local Government	1,496	147	2	1,641
Foreign Government	1,870	147	3	2,014
Government	3,894	545	5	4,434
Basic Industry	2,403	101	71	2,433
Capital Goods	1,695	93	18	1,770
Communications	836	43	6	873
Consumer	3,042	130	21	3,151
Electric and Utility	1,648	113	18	1,743
Energy and Natural Gas	1,478	49	59	1,468
Financial	2,660	97	10	2,747
Other	260	6	3	263
Corporate	14,022	632	206	14,448
Mortgage-Backed	48	2	1	49
Foreign Bank Obligations	210	30	3	237
Other Asset-Backed	282	9	4	287
Mortgage and other asset-backed	540	41	8	573
Total Fixed Maturities	\$ 18,456	\$ 1,218	\$ 219	\$ 19,455

Cigna Corporation
Summary of Commercial Mortgage Loans (unaudited)
As of September 30, 2016

(Dollars in millions)

Geographic Region	Property Type						Total ⁽¹⁾	% of Mortgage Loans
	Office Buildings	Apartment Buildings	Industrial	Hotels	Retail			
Massachusetts	\$ 99	\$ 56	\$ 7	\$ 89	\$ -	\$ 251	14%	
Other ⁽²⁾	-	-	-	-	15	15	1%	
New England	99	56	7	89	15	266	15%	
New York	75	55	-	-	-	130	7%	
New Jersey	-	-	56	-	-	56	3%	
Middle Atlantic	75	55	56	-	-	186	10%	
Virginia	133	-	-	-	-	133	7%	
North Carolina	-	45	29	-	-	74	4%	
Maryland	36	-	-	20	-	56	3%	
Other ⁽²⁾	-	20	9	-	14	43	3%	
South Atlantic	169	65	38	20	14	306	17%	
Texas	33	62	2	-	-	97	5%	
Illinois	46	-	-	-	-	46	3%	
Other ⁽²⁾	-	2	78	-	-	80	4%	
Central	79	64	80	-	-	223	12%	
Arizona	-	20	-	32	-	52	3%	
Mountain	-	20	-	32	-	52	3%	
California	215	118	139	65	112	649	36%	
Oregon	33	28	22	-	18	101	5%	
Other ⁽²⁾	-	39	-	-	-	39	2%	
Pacific	248	185	161	65	130	789	43%	
Totals	\$ 670	\$ 445	\$ 342	\$ 206	\$ 159	\$ 1,822	100%	
% of Mortgage Loans	37%	24%	19%	11%	9%	100%		
Loan to Value Ratio ⁽³⁾	52%	58%	60%	57%	54%	56%		

- (1) Problem and potential problem commercial mortgage loans carried at amortized cost, net of impairments, were \$21 million and \$139 million as of September 30, 2016 and December 31, 2015, respectively. For more information, please refer to the Investment Assets section in Management's Discussion and Analysis within Cigna's Form 10-Q for the period ended September 30, 2016, expected to be filed on November 3, 2016.
- (2) Represents states in a region with a concentration of less than 3%.
- (3) 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 2016. For more information, please refer to Cigna's Form 10-Q for the period ended September 30, 2016, expected to be filed on November 3, 2016.

Cigna Corporation
Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in millions)

Nine Months Ended September 30,
2016 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Net income	\$	1,469	\$	1,659
Adjustments to reconcile net income to net cash provided by / (used in) operating activities:				
Depreciation and amortization		460		451
Realized investment gains		(110)		(104)
Deferred income taxes		63		44
Net changes in assets and liabilities, net of non-operating effects:				
Premiums, accounts and notes receivable		184		(1,051)
Reinsurance recoverables		132		61
Deferred policy acquisition costs		(167)		(145)
Other assets		(32)		(89)
Insurance liabilities		1,098		620
Accounts payable, accrued expenses and other liabilities ⁽¹⁾		9		219
Current income taxes		(57)		36
Loss on extinguishment of debt		-		100
Other, net ⁽²⁾		25		(4)
Net cash provided by operating activities ⁽²⁾		3,074		1,797
Net cash used in investing activities		(1,589)		(297)
Net cash used in financing activities ⁽²⁾		(255)		(503)
Effect of foreign currency rate changes on cash and cash equivalents		26		(36)
Net increase in cash and cash equivalents		1,256		961
Cash and cash equivalents, beginning of year		1,968		1,420
Cash and cash equivalents, end of period	\$	3,224	\$	2,381

- (1) There were no pre-tax domestic qualified pension plan contributions made for the periods ended September 30, 2016 and contributions of \$5 million for the period ended September 30, 2015.
- (2) As required by the adoption of ASU 2016-09, the Company retrospectively reclassified \$78 million of cash payments from operating to financing activities for the nine months ended September 30, 2015. These payments were related to employee tax obligations associated with stock compensation. The comparable amount reported in financing activities for the nine months ended September 30, 2016 was \$69 million.