UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2022

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission File Number 001-38769

Cigna Corporation
(Exact name of registrant as specified in its charter)

Delaware	**82-4991898**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

900 Cottage Grove Road
Bloomfield, Connecticut 06002
(Address of principal executive offices) (Zip Code)

(860) 226-6000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, Par Value $0.01	CI	New York Stock Exchange, Inc.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. ☒ Yes ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). ☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). ☐ Yes ☒ No

As of July 29, 2022, 305,116,202 shares of the issuer's common stock were outstanding.

Cigna Corporation

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As used herein, "Cigna" or the "Company" refers to one or more of Cigna Corporation and its consolidated subsidiaries.

Part I. ***FINANCIAL INFORMATION***
Item 1. ***FINANCIAL STATEMENTS***

Cigna Corporation
Consolidated Statements of Income

	Unaudited Three Months Ended June 30,		Unaudited Six Months Ended June 30,	
(In millions, except per share amounts)	**2022**	**2021**	**2022**	**2021**
Revenues				
Pharmacy revenues	**$ 31,972**	$ 30,047	**$ 62,669**	$ 58,072
Premiums	**10,426**	10,323	**20,782**	20,537
Fees and other revenues	**2,757**	2,451	**5,295**	4,792
Net investment income	**325**	310	**739**	701
TOTAL REVENUES	**45,480**	43,131	**89,485**	84,102
Benefits and expenses				
Pharmacy and other service costs	**31,150**	29,001	**60,963**	56,236
Medical costs and other benefit expenses	**8,192**	8,484	**16,460**	16,489
Selling, general and administrative expenses	**3,256**	2,996	**6,555**	6,275
Amortization of acquired intangible assets	**501**	503	**959**	998
TOTAL BENEFITS AND EXPENSES	**43,099**	40,984	**84,937**	79,998
Income from operations	**2,381**	2,147	**4,548**	4,104
Interest expense and other	**(301)**	(298)	**(600)**	(612)
Debt extinguishment costs	**—**	(10)	**—**	(141)
Net realized investment gains (losses)	**(95)**	59	**(414)**	60
Income before income taxes	**1,985**	1,898	**3,534**	3,411
TOTAL INCOME TAXES	**413**	422	**764**	764
Net income	**1,572**	1,476	**2,770**	2,647
Less: Net income attributable to noncontrolling interests	**13**	9	**28**	19
SHAREHOLDERS' NET INCOME	**$ 1,559**	$ 1,467	**$ 2,742**	$ 2,628
Shareholders' net income per share				
Basic	**$ 4.95**	$ 4.30	**$ 8.66**	$ 7.62
Diluted	**$ 4.90**	$ 4.25	**$ 8.57**	$ 7.54

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Cigna Corporation
Consolidated Statements of Comprehensive Income

(In millions)	Unaudited Three Months Ended June 30, 2022	2021	Unaudited Six Months Ended June 30, 2022	2021
Net income	**$ 1,572**	$ 1,476	**$ 2,770**	$ 2,647
Other comprehensive income (loss), net of tax				
Net unrealized appreciation (depreciation) on securities and derivatives	**(410)**	122	**(970)**	(151)
Net translation gains (losses) on foreign currencies	**(206)**	16	**(269)**	(103)
Postretirement benefits liability adjustment	**27**	15	**40**	33
Other comprehensive income (loss), net of tax	**(589)**	153	**(1,199)**	(221)
Total comprehensive income	**983**	1,629	**1,571**	2,426
Comprehensive income (loss) attributable to noncontrolling interests				
Net income attributable to redeemable noncontrolling interests	**2**	3	**5**	8
Net income attributable to other noncontrolling interests	**11**	6	**23**	11
Other comprehensive loss attributable to redeemable noncontrolling interests	**(1)**	(1)	**(3)**	(5)
Total comprehensive income attributable to noncontrolling interests	**12**	8	**25**	14
SHAREHOLDERS' COMPREHENSIVE INCOME	**$ 971**	$ 1,621	**$ 1,546**	$ 2,412

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Cigna Corporation
Consolidated Balance Sheets

(In millions)	Unaudited As of June 30, 2022	Unaudited As of December 31, 2021
Assets		
Cash and cash equivalents	**$ 4,421**	$ 5,081
Investments	**754**	920
Accounts receivable, net	**18,290**	15,071
Inventories	**3,781**	3,722
Other current assets	**1,124**	1,283
Assets of businesses held for sale	**9,052**	10,057
Total current assets	**37,422**	36,134
Long-term investments	**16,724**	18,438
Reinsurance recoverables	**4,874**	4,970
Deferred policy acquisition costs	**742**	677
Property and equipment	**3,659**	3,692
Goodwill	**45,810**	45,811
Other intangible assets	**33,276**	34,102
Other assets	**2,628**	2,728
Separate account assets	**7,495**	8,337
TOTAL ASSETS	**$ 152,630**	$ 154,889
Liabilities		
Current insurance and contractholder liabilities	**$ 5,654**	$ 5,318
Pharmacy and other service costs payable	**16,432**	15,309
Accounts payable	**7,142**	6,655
Accrued expenses and other liabilities	**7,742**	7,322
Short-term debt	**2,397**	2,545
Liabilities of businesses held for sale	**5,851**	6,423
Total current liabilities	**45,218**	43,572
Non-current insurance and contractholder liabilities	**11,777**	12,563
Deferred tax liabilities, net	**8,014**	8,346
Other non-current liabilities	**3,175**	3,762
Long-term debt	**30,984**	31,125
Separate account liabilities	**7,495**	8,337
TOTAL LIABILITIES	**106,663**	107,705
Contingencies — Note 18		
Redeemable noncontrolling interests	**45**	54
Shareholders' equity		
Common stock [(1)]	**4**	4
Additional paid-in capital	**29,930**	29,574
Accumulated other comprehensive loss	**(2,080)**	(884)
Retained earnings	**34,626**	32,593
Less: Treasury stock, at cost	**(16,588)**	(14,175)
TOTAL SHAREHOLDERS' EQUITY	**45,892**	47,112
Other noncontrolling interests	**30**	18
Total equity	**45,922**	47,130
Total liabilities and equity	**$ 152,630**	$ 154,889

[(1)] Par value per share, $0.01; shares issued, 397 million as of June 30, 2022 and 394 million as of December 31, 2021; authorized shares, 600 million.

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Cigna Corporation

Consolidated Statements of Changes in Total Equity

Unaudited

Three Months Ended June 30, 2022

(In millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Treasury Stock	Shareholders' Equity	Other Non-controlling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at March 31, 2022	**$ 4**	**$ 29,736**	**$ (1,492)**	**$ 33,420**	**$ (15,581)**	**$ 46,087**	**$ 22**	**$ 46,109**	**$ 55**
Effects of issuing stock for employee benefits plans		**194**			**(1)**	**193**		**193**	
Other comprehensive loss			**(588)**			**(588)**		**(588)**	**(1)**
Net income				**1,559**		**1,559**	**11**	**1,570**	**2**
Common dividends declared (per share: $1.12)				**(353)**		**(353)**		**(353)**	
Repurchase of common stock		**—**			**(1,006)**	**(1,006)**		**(1,006)**	
Other transactions impacting noncontrolling interests		**—**				**—**	**(3)**	**(3)**	**(11)**
Balance at June 30, 2022	**$ 4**	**$ 29,930**	**$ (2,080)**	**$ 34,626**	**$ (16,588)**	**$ 45,892**	**$ 30**	**$ 45,922**	**$ 45**

Three Months Ended June 30, 2021

(In millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Treasury Stock	Shareholders' Equity	Other Non-controlling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at March 31, 2021	$ 4	$ 29,254	$ (1,231)	$ 29,389	$ (9,267)	$ 48,149	$ 6	$ 48,155	$ 59
Effect of issuing stock for employee benefit plans		152			(2)	150		150	
Other comprehensive income (loss)			154			154		154	(1)
Net income				1,467		1,467	6	1,473	3
Common dividends declared (per share: $1.00)				(343)		(343)		(343)	
Repurchase of common stock		—			(865)	(865)		(865)	
Other transactions impacting noncontrolling interests		(3)				(3)	(5)	(8)	(10)
Balance at June 30, 2021	$ 4	$ 29,403	$ (1,077)	$ 30,513	$ (10,134)	$ 48,709	$ 7	$ 48,716	$ 51

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Cigna Corporation

Consolidated Statements of Changes in Total Equity

Unaudited

Six Months Ended June 30, 2022

(In millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Treasury Stock	Shareholders' Equity	Other Non-controlling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2021	**$ 4**	**$ 29,574**	**$ (884)**	**$ 32,593**	**$ (14,175)**	**$ 47,112**	**$ 18**	**$ 47,130**	**$ 54**
Effect of issuing stock for employee benefit plans		**356**			**(73)**	**283**		**283**	
Other comprehensive loss			**(1,196)**			**(1,196)**		**(1,196)**	**(3)**
Net income				**2,742**		**2,742**	**23**	**2,765**	**5**
Common dividends declared (per share: $2.24)				**(709)**		**(709)**		**(709)**	
Repurchase of common stock		**—**			**(2,340)**	**(2,340)**		**(2,340)**	
Other transactions impacting noncontrolling interests		**—**				**—**	**(11)**	**(11)**	**(11)**
Balance at June 30, 2022	**$ 4**	**$ 29,930**	**$ (2,080)**	**$ 34,626**	**$ (16,588)**	**$ 45,892**	**$ 30**	**$ 45,922**	**$ 45**

Six Months Ended June 30, 2021

(In millions)	Common Stock	Additional Paid-in Capital	Accumulated Other Comprehensive (Loss)	Retained Earnings	Treasury Stock	Shareholders' Equity	Other Non-controlling Interests	Total Equity	Redeemable Noncontrolling Interests
Balance at December 31, 2020	$ 4	$ 28,975	$ (861)	$ 28,575	$ (6,372)	$ 50,321	$ 7	$ 50,328	$ 58
Effect of issuing stock for employee benefit plans		431			(89)	342		342	
Other comprehensive loss			(216)			(216)		(216)	(5)
Net income				2,628		2,628	11	2,639	8
Common dividends declared (per share: $2.00)				(690)		(690)		(690)	
Repurchase of common stock		—			(3,673)	(3,673)		(3,673)	
Other transactions impacting noncontrolling interests		(3)				(3)	(11)	(14)	(10)
Balance at June 30, 2021	$ 4	$ 29,403	$ (1,077)	$ 30,513	$ (10,134)	$ 48,709	$ 7	$ 48,716	$ 51

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

Cigna Corporation
Consolidated Statements of Cash Flows

(In millions)	Unaudited Six Months Ended June 30, 2022	2021
Cash Flows from Operating Activities		
Net income	**$ 2,770**	$ 2,647
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**1,476**	1,446
Realized investment (gains) losses, net	**414**	(60)
Deferred income tax (benefit)	**(167)**	(80)
Debt extinguishment costs	**—**	141
Net changes in assets and liabilities, net of non-operating effects:		
Accounts receivable	**(2,769)**	(3,233)
Inventories	**(59)**	124
Deferred policy acquisition costs	**(105)**	(117)
Reinsurance recoverable and Other assets	**265**	(416)
Insurance liabilities	**474**	677
Pharmacy and other service costs payable	**1,124**	1,123
Accounts payable and Accrued expenses and other liabilities	**(134)**	(1,643)
Other, net	**(15)**	188
NET CASH PROVIDED BY OPERATING ACTIVITIES	**3,274**	797
Cash Flows from Investing Activities		
Proceeds from investments sold:		
Debt securities and equity securities	**1,239**	852
Investment maturities and repayments:		
Debt securities and equity securities	**863**	672
Commercial mortgage loans	**69**	96
Other sales, maturities and repayments (primarily short-term and other long-term investments)	**745**	897
Investments purchased or originated:		
Debt securities and equity securities	**(2,024)**	(1,999)
Commercial mortgage loans	**(84)**	(129)
Other (primarily short-term and other long-term investments)	**(849)**	(1,136)
Property and equipment purchases, net	**(612)**	(500)
Acquisitions, net of cash acquired	**—**	(1,836)
Divestiture, net of cash sold	**(57)**	—
Other, net	**(22)**	59
NET CASH (USED IN) INVESTING ACTIVITIES	**(732)**	(3,024)
Cash Flows from Financing Activities		
Deposits and interest credited to contractholder deposit funds	**84**	96
Withdrawals and benefit payments from contractholder deposit funds	**(94)**	(96)
Net change in short-term debt	**(244)**	472
Payments for debt extinguishment	**—**	(136)
Repayment of long-term debt	**—**	(4,578)
Net proceeds on issuance of long-term debt	**—**	4,260
Repurchase of common stock	**(2,374)**	(3,710)
Issuance of common stock	**217**	290
Common stock dividend paid	**(709)**	(687)
Other, net	**33**	(24)
NET CASH (USED IN) FINANCING ACTIVITIES	**(3,087)**	(4,113)
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	**(80)**	(27)
Net (decrease) in cash, cash equivalents and restricted cash	**(625)**	(6,367)
Cash, cash equivalents and restricted cash January 1, [1]	**5,548**	10,245
Cash, cash equivalents and restricted cash, June 30,	**4,923**	3,878
Cash and cash equivalents reclassified to Assets of businesses held for sale	**(455)**	—
Cash, cash equivalents and restricted cash June 30, per Consolidated Balance Sheets [2]	**$ 4,468**	$ 3,878
Supplemental Disclosure of Cash Information:		
Income taxes paid, net of refunds	**$ 911**	$ 1,473
Interest paid	**$ 615**	$ 639

[1] Includes $425 million reported in Assets of businesses held for sale as of January 1, 2022.
[2] Restricted cash and cash equivalents were reported in Other long-term investments as of June 30, 2022 and June 30, 2021.

The accompanying Notes to the Consolidated Financial Statements (unaudited) are an integral part of these statements.

CIGNA CORPORATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

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Note 1 – Description of Business

Cigna Corporation, together with its subsidiaries (either individually or collectively referred to as "Cigna," the "Company," "we," "our" or "us") is a global health services organization with a mission of helping those we serve improve their health, well-being and peace of mind by making health care affordable, predictable and simple. Our subsidiaries offer a differentiated set of pharmacy, medical, behavioral, dental and supplemental products and services.

The majority of these products are offered through employers and other groups such as governmental and non-governmental organizations, unions and associations. Cigna also offers commercial health and dental insurance and Medicare products to individuals in the United States and selected international markets. In addition to these ongoing operations, Cigna also has certain run-off operations.

Details of the Company's reporting segments and recent changes are provided below:

On July 1, 2022, the Company completed the sale of its life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb INA Holdings, Inc. ("Chubb") for approximately $5.4 billion in cash (the "Chubb Transaction"); as previously agreed, we excluded our interest in a joint venture in Türkiye from the Chubb Transaction. The Company aggregated and classified the assets and liabilities of these businesses as held for sale in our Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021 (see Note 5). During the fourth quarter of 2021, in connection with the Chubb Transaction, we revised our business reporting structure and adjusted our segment reporting accordingly. Segment results for the three and six months ended June 30, 2021 have been restated to conform to the new segment presentation (see Note 19).

A full description of our segments follows:

Evernorth includes a broad range of coordinated and point solution health services and capabilities, as well as those from partners across the health care system, in pharmacy benefits services, specialty pharmacy and care services, which are provided to health plans, employers, government organizations, and health care providers.

Cigna Healthcare includes U.S. Commercial, U.S. Government and International Health operating segments that provide comprehensive medical and coordinated solutions to clients and customers. U.S. Commercial products and services include medical, pharmacy, behavioral health, dental, vision, health advocacy programs and other products and services for insured and self-insured customers. U.S. Government solutions include Medicare Advantage, Medicare Supplement and Medicare Part D plans for seniors and individual health insurance plans both on and off the public exchanges. International Health solutions include health care coverage in our international markets, as well as health care benefits for globally mobile individuals and employees of multinational organizations.

Other Operations contains the remainder of our business operations, consisting of the following:

- ***Ongoing business:***
  - ***Corporate-Owned Life Insurance ("COLI")*** offers permanent insurance contracts sold to corporations to provide coverage on the lives of certain employees for the purpose of financing employer-paid future benefit obligations.
  - Our interest in a joint venture in Türkiye.
- ***Exiting businesses:***
  - ***International Life, Accident and Supplemental Benefits Businesses*** in six countries sold on July 1, 2022 pursuant to the Chubb Transaction.
- ***Run-off businesses:***
  - ***Reinsurance:*** predominantly comprised of guaranteed minimum death benefit ("GMDB") and guaranteed minimum income benefit ("GMIB") business effectively exited through reinsurance with Berkshire Hathaway Life Insurance Company of Nebraska ("Berkshire") in 2013.
  - ***Settlement Annuity*** and other businesses in run-off.
  - ***Individual Life Insurance and Annuity and Retirement Benefits businesses:*** deferred gains from the sales of these businesses.

Corporate reflects amounts not allocated to operating segments, including net interest expense (defined as interest on corporate debt less net investment income on investments not supporting segment and other operations), certain litigation matters, expense associated with our frozen pension plans, charitable contributions, severance, certain overhead and enterprise-wide project costs and intersegment eliminations for products and services sold between segments.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Consolidated Financial Statements include the accounts of Cigna Corporation and its consolidated subsidiaries. Intercompany transactions and accounts have been eliminated in consolidation. These Consolidated Financial Statements were prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

Amounts recorded in the Consolidated Financial Statements necessarily reflect management's estimates and assumptions about medical costs, investment and receivable valuations, interest rates and other factors. Significant estimates are discussed throughout these Notes; however, actual results could differ from those estimates. The impact of a change in estimate is generally included in earnings in the period of adjustment.

These interim Consolidated Financial Statements are unaudited but include all adjustments (including normal recurring adjustments) necessary, in the opinion of management, for a fair statement of financial position and results of operations for the periods reported. The interim Consolidated Financial Statements and Notes should be read in conjunction with the Consolidated Financial Statements and Notes included in the 2021 Annual Report on Form 10-K ("2021 Form 10-K"). The preparation of interim Consolidated Financial Statements necessarily relies heavily on estimates. This and other factors, including the seasonal nature of portions of the health care and related benefits business, competitive and other market conditions, as well as COVID-19 related impacts, call for caution in estimating full-year results based on interim results of operations.

Recent Accounting Pronouncements

There were no new accounting standards adopted as of June 30, 2022 that had a material impact on our financial statements. There are no accounting pronouncements not yet adopted, with the exception of Accounting Standards Update 2018-12, *Targeted Improvements to the Accounting for Long-Duration Insurance Contracts* ("LDTI") that are expected to impact Cigna's operations or our financial statements. Refer to the Company's 2021 Form 10-K for discussion of the LDTI standard and related expected effects to Cigna. We continue to make progress on our LDTI implementation plan and are on track for the January 1, 2023 adoption date.

In July 2022, the Financial Accounting Standards Board ("FASB") issued a proposed standard for comment that would simplify the retrospective adoption of LDTI. The proposal would permit companies to make an accounting policy election to exclude contracts that are sold and removed from the balance sheet prior to the effective date of the standard from the retrospective adoption of LDTI. If the FASB approves the proposed standard, Cigna expects to make this policy election for the contracts sold in the Chubb Transaction.

Note 3 – Accounts Receivable, Net

The following amounts were included within Accounts receivable, net:

(In millions)	**June 30, 2022**	**December 31, 2021**
Noninsurance customer receivables	**$ 7,578**	$ 6,274
Pharmaceutical manufacturers receivables	**7,006**	5,463
Insurance customer receivables	**2,790**	2,932
Other receivables	**952**	456
Total	**18,326**	15,125
Accounts receivable, net classified as Assets of businesses held for sale	**(36)**	(54)
Accounts receivable, net per Consolidated Balance Sheets	**$ 18,290**	$ 15,071

These receivables are reported net of our allowances of $1.9 billion as of June 30, 2022 and $1.4 billion as of December 31, 2021. These allowances include contractual allowances for certain rebates receivable with pharmaceutical manufacturers and certain receivables from third-party payors, discounts and claims adjustments issued to customers in the form of client credits, an allowance for current expected credit losses and other non-credit adjustments.

The Company's allowance for current expected credit losses was $75 million as of June 30, 2022 and $60 million as of December 31, 2021.

Note 4 – Mergers, Acquisitions and Divestitures

A. Acquisition of MDLIVE

On April 19, 2021, Cigna acquired 97% of MDLIVE, Inc. ("MDLIVE"), a 24/7 virtual care platform. Combined with Cigna's previously held equity investment, Cigna now owns 100% of MDLIVE. The Company's 2021 Form 10-K includes detailed disclosures of merger consideration, purchase price allocation and intangible assets identified in this transaction. In accordance with GAAP, the total consideration transferred has been allocated to the tangible and intangible net assets acquired based on management's estimates of their fair values and was finalized as of March 31, 2022 with immaterial changes to the purchase price allocation.

The results of MDLIVE have been included in the Company's Consolidated Financial Statements from the date of the acquisition. Revenues from MDLIVE and their results of operations were not material to Cigna's consolidated results of operations for the three and six months ended June 30, 2021. The pro forma effects of this acquisition for prior periods were not material to our consolidated results of operations.

B. Integration and Transaction-related Costs

In the first six months of 2022 and 2021, the Company incurred costs related to the acquisition of MDLIVE, the sale of the U.S. Group Disability and Life business and the terminated merger with Elevance Health, Inc. ("Elevance"), formerly known as Anthem, Inc. In the first six months of 2022, the Company also incurred costs related to the Chubb Transaction (see Note 5 for further information). These costs were $36 million pre-tax ($26 million after-tax) for the three months ended and $88 million pre-tax ($63 million after-tax) for the six months ended June 30, 2022, compared with $16 million pre-tax ($14 million after-tax) for the three months ended and $45 million pre-tax ($36 million after-tax) for the six months ended June 30, 2021. These costs consisted primarily of certain projects to separate or integrate the Company's systems, products and services, fees for legal, advisory and other professional services and certain employment-related costs.

Note 5 – Assets and Liabilities of Businesses Held for Sale

On July 1, 2022, the Company completed the sale of its life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb for approximately $5.4 billion in cash. The Company aggregated and classified the assets and liabilities of these businesses as held for sale in our Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021. The assets and liabilities of our interest in a joint venture in Türkiye were classified as held for sale in our Consolidated Balance Sheet as of December 31, 2021; however, we subsequently agreed to exclude this business from the Chubb Transaction and the assets and liabilities are no longer classified as held for sale.

The assets and liabilities of businesses held for sale were as follows:

(In millions)	June 30, 2022	December 31, 2021
Cash and cash equivalents	**$ 455**	$ 406
Investments	**4,518**	5,109
Deferred policy acquisition costs	**2,598**	2,755
Separate account assets	**648**	878
Goodwill, other intangible assets and all other assets	**833**	909
Total assets of businesses held for sale	**9,052**	10,057
Insurance and contractholder liabilities	**4,427**	4,644
Accounts payable, accrued expenses and other liabilities	**420**	452
Deferred tax liabilities, net	**356**	449
Separate account liabilities	**648**	878
Total liabilities of businesses held for sale	**$ 5,851**	$ 6,423

The held for sale businesses reported Gross unrealized appreciation (depreciation) on securities and derivatives of $(208) million and $137 million and Gross cumulative translation losses on foreign currencies of $366 million and $209 million in our Consolidated Balance Sheets as of June 30, 2022 and December 31, 2021, respectively.

Note 6 – Earnings Per Share ("EPS")

Basic and diluted earnings per share were computed as follows:

	Three Months Ended					
	June 30, 2022			June 30, 2021		
(Shares in thousands, dollars in millions, except per share amounts)	**Basic**	**Effect of Dilution**	**Diluted**	**Basic**	**Effect of Dilution**	**Diluted**
Shareholders' net income	**$ 1,559**		**$ 1,559**	$ 1,467		$ 1,467
Shares:						
Weighted average	**315,122**		**315,122**	341,479		341,479
Common stock equivalents		**3,182**	**3,182**		3,450	3,450
Total shares	**315,122**	**3,182**	**318,304**	341,479	3,450	344,929
EPS	**$ 4.95**	**$ (0.05)**	**$ 4.90**	$ 4.30	$ (0.05)	$ 4.25

	Six Months Ended					
	June 30, 2022			June 30, 2021		
(Shares in thousands, dollars in millions, except per share amounts)	**Basic**	**Effect of Dilution**	**Diluted**	**Basic**	**Effect of Dilution**	**Diluted**
Shareholders' net income	**$ 2,742**		**$ 2,742**	$ 2,628		$ 2,628
Shares:						
Weighted average	**316,795**		**316,795**	344,845		344,845
Common stock equivalents		**2,989**	**2,989**		3,589	3,589
Total shares	**316,795**	**2,989**	**319,784**	344,845	3,589	348,434
EPS	**$ 8.66**	**$ (0.09)**	**$ 8.57**	$ 7.62	$ (0.08)	$ 7.54

The following outstanding employee stock options were not included in the computation of diluted earnings per share because their effect was anti-dilutive:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Anti-dilutive options	**1.3**	1.5	**2.0**	1.5

The Company held approximately 81.3 million shares of common stock in treasury at June 30, 2022, 71.2 million shares as of December 31, 2021 and 52.2 million shares as of June 30, 2021.

Note 7 – Debt

The outstanding amounts of debt and finance leases were as follows:

(In millions)	June 30, 2022	December 31, 2021
Short-term debt		
Commercial paper	**$ 1,797**	$ 2,027
$500 million, 3.05% Notes due 11/2022	**497**	495
$17 million, 8.3% Notes due 1/2023	**17**	—
$63 million, 7.65% Notes due 3/2023	**63**	—
Other, including finance leases	**23**	23
Total short-term debt	**$ 2,397**	$ 2,545
Long-term debt		
$17 million, 8.3% Notes due 2023	**$ —**	$ 17
$63 million, 7.65% Notes due 2023	**—**	63
$700 million, Floating Rate Notes due 2023	**699**	699
$1,000 million, 3% Notes due 2023	**989**	985
$1,187 million, 3.75% Notes due 2023	**1,186**	1,185
$500 million, 0.613% Notes due 2024	**499**	498
$1,000 million, 3.5% Notes due 2024	**987**	983
$900 million, 3.25% Notes due 2025 [(1)]	**895**	897
$2,200 million, 4.125% Notes due 2025	**2,194**	2,193
$1,500 million, 4.5% Notes due 2026	**1,503**	1,504
$800 million, 1.25% Notes due 2026	**797**	796
$1,500 million, 3.4% Notes due 2027	**1,429**	1,423
$259 million, 7.875% Debentures due 2027	**259**	259
$600 million, 3.05% Notes due 2027	**596**	596
$3,800 million, 4.375% Notes due 2028	**3,783**	3,782
$1,500 million, 2.4% Notes due 2030	**1,491**	1,490
$1,500 million, 2.375% Notes due 2031 [(1)]	**1,414**	1,500
$45 million, 8.3% Step Down Notes due 2033	**45**	45
$190 million, 6.15% Notes due 2036	**190**	190
$2,200 million, 4.8% Notes due 2038	**2,192**	2,192
$750 million, 3.2% Notes due 2040	**743**	743
$121 million, 5.875% Notes due 2041	**119**	119
$448 million, 6.125% Notes due 2041	**489**	490
$317 million, 5.375% Notes due 2042	**315**	315
$1,500 million, 4.8% Notes due 2046	**1,466**	1,465
$1,000 million, 3.875% Notes due 2047	**989**	988
$3,000 million, 4.9% Notes due 2048	**2,968**	2,967
$1,250 million, 3.4% Notes due 2050	**1,236**	1,236
$1,500 million, 3.4% Notes due 2051	**1,476**	1,477
Other, including finance leases	**35**	28
Total long-term debt	**$ 30,984**	$ 31,125

[(1)] The Company has entered into interest rate swap contracts hedging a portion of these fixed-rate debt instruments. See Note 11 for further information about the Company's interest rate risk management and these derivative instruments.

Revolving Credit Agreements. Our revolving credit agreements provide us with the ability to borrow amounts for general corporate purposes, including for the purpose of providing liquidity support if necessary under our commercial paper program discussed below. As of June 30, 2022, there were no outstanding balances under these revolving credit agreements.

In April 2022, Cigna entered into the following revolving credit agreements (the "Credit Agreements"):

- a $3.0 billion five-year revolving credit and letter of credit agreement that will mature in April 2027 with an option to extend the maturity date for additional one-year periods, subject to consent of the banks. Cigna can borrow up to $3.0 billion under the credit agreement for general corporate purposes, with up to $500 million available for issuance of letters of credit.

- a $1.0 billion three-year revolving credit agreement that will mature in April 2025 with an option to extend the maturity date for additional one-year periods, subject to consent of the banks. Cigna can borrow up to $1.0 billion under the credit agreement for general corporate purposes.

- a $1.0 billion 364-day revolving credit agreement that will mature in April 2023. Cigna can borrow up to $1.0 billion under the credit agreement for general corporate purposes. This agreement includes the option to "term out" any revolving loans that are outstanding at maturity by converting them into a term loan maturing on the one-year anniversary of conversion.

Each of the Credit Agreements include an option to increase commitments in an aggregate amount of up to $1.5 billion across all three facilities for a maximum total commitment of $6.5 billion. The Credit Agreements allow for borrowings at either a base rate or an adjusted term Secured Overnight Funding Rate ("SOFR") plus, in each case, an applicable margin based on Cigna's senior unsecured credit ratings.

Each of the three facilities is diversified among 22 banks. Each facility also contains customary covenants and restrictions, including a financial covenant that the Company's leverage ratio, as defined in the Credit Agreements, may not exceed 60%, subject to certain exceptions upon the consummation of an acquisition.

The Credit Agreements replaced a prior $3.0 billion five-year revolving credit and letter of credit agreement maturing on April 2026; a $1.0 billion three-year revolving credit agreement maturing on April 2024; and a $1.0 billion 364-day revolving credit agreement maturing in April 2022.

Commercial Paper. Under our commercial paper program we may issue short-term, unsecured commercial paper notes privately placed on a discounted basis through certain broker-dealers at any time not to exceed an aggregate amount of $5.0 billion. Amounts available under the program may be borrowed, repaid and re-borrowed from time to time. The net proceeds of issuances have been and are expected to be used for general corporate purposes. The commercial paper average interest rate was 1.60% at June 30, 2022.

The Company was in compliance with its debt covenants as of June 30, 2022.

Interest expense on long-term and short-term debt was $316 million for the three months ended and $630 million for the six months ended June 30, 2022, compared with $311 million for the three months ended and $636 million for the six months ended June 30, 2021.

Note 8 – Common and Preferred Stock

Dividends

In the first and second quarters of 2022, Cigna declared quarterly cash dividends of $1.12 per share of Cigna common stock. In 2021, Cigna initiated and declared quarterly cash dividends of $1.00 per share of Cigna common stock.

The following table provides details of Cigna's dividend payments for the six months ended June 30:

Record Date	Payment Date	Amount per Share	Total Amount Paid *(in millions)*
2022			
March 9, 2022	**March 24, 2022**	**$1.12**	**$357**
June 8, 2022	**June 23, 2022**	**$1.12**	**$352**
2021			
March 10, 2021	March 25, 2021	$1.00	$345
June 8, 2021	June 23, 2021	$1.00	$342

On July 27, 2022, the Board of Directors declared the third quarter cash dividend of $1.12 per share of Cigna common stock to be paid on September 22, 2022 to shareholders of record on September 7, 2022. Cigna currently intends to pay regular quarterly dividends, with future declarations subject to approval by its Board of Directors and the Board's determination that the declaration of dividends remains in the best interests of Cigna and its shareholders. The decision of whether to pay future dividends and the amount of any such dividends will be based on the Company's financial position, results of operations, cash flows, capital requirements, the requirements of applicable law and any other factors the Board of Directors may deem relevant.

Accelerated Share Repurchase Agreements

On June 15, 2022, as part of our existing share repurchase program, we entered into separate accelerated share repurchase agreements ("ASR agreements") with Mizuho Markets Americas LLC and Morgan Stanley & Co. LLC (collectively, the "Counterparties") to repurchase $3.5 billion of common stock in aggregate. The ASR agreements provided that if the public announcement of the first closing of the Chubb Transaction did not occur on or before July 1, 2022, the ASR Agreements would be cancelled in whole.

In July 2022, in accordance with the ASR agreements, we remitted $3.5 billion to the Counterparties and received an initial delivery of 10.4 million shares of our common stock. The final number of shares to be received under the ASR agreements will be determined based on the daily volume-weighted average share price of our common stock over the term of the agreements, less a discount and subject to adjustments pursuant to the terms and conditions of the ASR agreements. We expect final settlement under the ASR agreements to occur in the fourth quarter of 2022. At final settlement, we may be entitled to receive additional shares of our common stock from the Counterparties or we may be required to make a payment. If we are obligated to make a payment, we may elect to satisfy such obligation in cash or shares of our common stock.

Note 9 – Insurance and Contractholder Liabilities

A. Account Balances – Insurance and Contractholder Liabilities

The Company's insurance and contractholder liabilities were comprised of the following:

	June 30, 2022			December 31, 2021			June 30, 2021
(In millions)	Current	Non-current	Total	Current	Non-current	Total	Total
Contractholder deposit funds	**$ 371**	**$ 6,606**	**$ 6,977**	$ 352	$ 6,702	$ 7,054	$ 7,122
Future policy benefits	**246**	**8,454**	**8,700**	312	9,194	9,506	9,531
Unearned premiums	**575**	**415**	**990**	558	418	976	912
Unpaid claims and claim expenses							
Cigna Healthcare	**4,432**	**58**	**4,490**	4,159	102	4,261	4,228
Other Operations	**506**	**195**	**701**	548	180	728	722
Total	**6,130**	**15,728**	**21,858**	5,929	16,596	22,525	
Insurance and contractholder liabilities classified as Liabilities of businesses held for sale [1]	**(476)**	**(3,951)**	**(4,427)**	(611)	(4,033)	(4,644)	
Total insurance and contractholder liabilities	**$ 5,654**	**$ 11,777**	**$ 17,431**	$ 5,318	$ 12,563	$ 17,881	$ 22,515

[1] Amounts classified as Liabilities of businesses held for sale primarily include $3.6 billion of Future policy benefits, $0.4 billion of Unpaid claims and $0.4 billion of Unearned premiums as of June 30, 2022 and $3.8 billion of Future policy benefits, $0.4 billion of Unpaid claims and $0.4 billion of Unearned premiums as of December 31, 2021.

Insurance and contractholder liabilities expected to be paid within one year are classified as current.

B. Unpaid Claims and Claim Expenses – Cigna Healthcare

This liability reflects estimates of the ultimate cost of claims that have been incurred but not reported, including expected development on reported claims, those that have been reported but not yet paid (reported claims in process) and other medical care expenses and services payable that are primarily comprised of accruals for incentives and other amounts payable to health care professionals and facilities. This liability includes amounts from the International Health businesses now reported in Cigna Healthcare following our change in segment reporting in 2021. The prior year roll forward has been updated to reflect this segment change.

The total of incurred but not reported liabilities plus expected development on reported claims, including reported claims in process, was $4.1 billion at June 30, 2022 and $3.9 billion at June 30, 2021.

Activity, net of intercompany transactions, in the unpaid claims liability for the Cigna Healthcare segment for the six months ended June 30 was as follows:

	Six Months Ended	
(In millions)	**June 30, 2022**	**June 30, 2021**
Beginning balance	**$ 4,261**	$ 3,695
Less: Reinsurance and other amounts recoverable	**261**	237
Beginning balance, net	**4,000**	3,458
Incurred costs related to:		
Current year	**15,751**	15,716
Prior years	**(268)**	(228)
Total incurred	**15,483**	15,488
Paid costs related to:		
Current year	**11,900**	12,065
Prior years	**3,290**	2,858
Total paid	**15,190**	14,923
Ending balance, net	**4,293**	4,023
Add: Reinsurance and other amounts recoverable	**197**	205
Ending balance	**$ 4,490**	$ 4,228

Reinsurance and other amounts recoverable reflect amounts due from reinsurers and policyholders to cover incurred but not reported and pending claims of certain business for which the Company administers the plan benefits without any right of offset. See Note 10 for additional information on reinsurance.

Variances in incurred costs related to prior years' unpaid claims and claim expenses that resulted from the differences between actual experience and the Company's key assumptions for the six months ended June 30 were as follows:

	Six Months Ended			
(Dollars in millions)	**June 30, 2022**		**June 30, 2021**	
	$	**% [1]**	**$**	**% [2]**
Actual completion factors	**$ 84**	**0.2 %**	$ 92	0.3 %
Medical cost trend	**184**	**0.6**	136	0.5
Total favorable variance	**$ 268**	**0.8 %**	$ 228	0.8 %

[1] Percentage of current year incurred costs as reported for the year ended December 31, 2021.
[2] Percentage of current year incurred costs as reported for the year ended December 31, 2020.

Favorable prior year development in both years reflects lower than expected utilization of medical services as compared to our assumptions.

C. Unpaid Claims and Claim Expenses – Other Operations

Liability balance details. The liability details for unpaid claims and claim expenses are as follows. The liability balance no longer includes the International Health businesses now reported in Cigna Healthcare following our change in segment reporting. The prior year roll forward has been updated to reflect the segment change.

(In millions)	**June 30, 2022**	**June 30, 2021**
Other Operations		
International businesses held for sale and our interest in a joint venture in Türkiye	**$ 412**	$ 438
Other Operations	**289**	284
Unpaid claims and claim expenses - Other Operations	**$ 701**	$ 722

Activity in the unpaid claims and claim expenses for international businesses held for sale and our interest in a joint venture in Türkiye is presented in the following table. Liabilities associated with Other Operations are excluded because they pertain to obligations for long-duration insurance contracts or, if short-duration, the liabilities have been largely reinsured.

	Six Months Ended	
(In millions)	**June 30, 2022 [1]**	**June 30, 2021**
Beginning balance	**$ 447**	$ 452
Less: Reinsurance	**46**	45
Beginning balance, net	**401**	407
Incurred claims related to:		
Current year	**490**	501
Prior years	**4**	(4)
Total incurred	**494**	497
Paid claims related to:		
Current year	**306**	314
Prior years	**187**	181
Total paid	**493**	495
Foreign currency	**(28)**	(16)
Ending balance, net	**374**	393
Add: Reinsurance	**38**	45
Ending balance	**$ 412**	$ 438

[1] Includes unpaid claims amounts classified as Liabilities of businesses held for sale.

Reinsurance in the table above reflects amounts due from reinsurers related to unpaid claims liabilities. See Note 10 for additional information on reinsurance.

Note 10 – Reinsurance

The Company's insurance subsidiaries enter into agreements with other insurance companies to limit losses from large exposures and to permit recovery of a portion of incurred losses. Reinsurance is ceded primarily in acquisition and disposition transactions when the underwriting company is not being acquired. Reinsurance does not relieve the originating insurer of liability. Therefore, reinsured liabilities must continue to be reported along with the related reinsurance recoverables. The Company regularly evaluates the financial condition of its reinsurers and monitors concentrations of its credit risk.

A. Reinsurance Recoverables

The majority of the Company's reinsurance recoverables resulted from acquisition and disposition transactions in which the underwriting company was not acquired. The Company bears the risk of loss if its reinsurers and retrocessionaires do not meet or are unable to meet their reinsurance obligations to the Company. The Company reviews its reinsurance arrangements and establishes reserves against the recoverables. The Company's reinsurance recoverables as of June 30, 2022 are presented in the following table by range of external credit rating and collateral level:

(In millions)	Fair value of collateral contractually required to meet or exceed carrying value of recoverable	Collateral provisions exist that may mitigate risk of credit loss [3]	No collateral	Total
Ongoing Operations				
A- equivalent and higher current ratings [1]	$ —	$ —	$ 173	$ 173
BBB- to BBB+ equivalent current credit ratings [1]	—	—	61	61
Not rated	125	4	43	172
Total recoverables related to ongoing operations [2]	125	4	277	406
Acquisition, disposition or run-off activities				
A- equivalent and higher current ratings [1]				
Lincoln National Life and Lincoln Life & Annuity of New York	—	2,870	—	2,870
Berkshire Hathaway Life Insurance Company of Nebraska	260	428	—	688
Prudential Retirement Insurance and Annuity (marketed under Empower brand)	140	—	—	140
Prudential Insurance Company of America	394	—	—	394
Life Insurance Company of North America	—	401	—	401
Other	208	19	16	243
Not rated	—	13	3	16
Total recoverables related to acquisition, disposition or run-off activities	1,002	3,731	19	4,752
Total	$ 1,127	$ 3,735	$ 296	$ 5,158
Allowance for uncollectible reinsurance				(30)
Total reinsurance recoverables [2]				$ 5,128

[1] Certified by a Nationally Recognized Statistical Rating Organization ("NRSRO").
[2] Includes $164 million of current reinsurance recoverables that are reported in Other current assets and $90 million of recoverables classified as Assets of businesses held for sale as of June 30, 2022.
[3] Includes collateral provisions requiring the reinsurer to fully collateralize its obligation if its external credit rating is downgraded to a specified level.

Collateral levels are defined internally based on the fair value of the collateral relative to the carrying amount of the reinsurance recoverable, the frequency at which collateral is required to be replenished and the potential for volatility in the collateral's fair value.

B. Effective Exit of GMDB and GMIB Business

The Company entered into an agreement with Berkshire to effectively exit the GMDB and GMIB business via a reinsurance transaction in 2013. Berkshire reinsured 100% of the Company's future claim payments in this business, net of other reinsurance arrangements existing at that time. The reinsurance agreement is subject to an overall limit with approximately $3.1 billion remaining at June 30, 2022.

GMDB is accounted for as assumed and ceded reinsurance and GMIB assets and liabilities are reported as derivatives at fair value as discussed below. GMIB assets are reported in Other current assets and Other assets and GMIB liabilities are reported in Accrued

expenses and other liabilities and Other non-current liabilities. Assumptions used in fair value measurement for these assets and liabilities are discussed in Note 10 of the Company's 2021 Form 10-K.

GMDB

The GMDB exposure arises under annuities written by ceding companies that guarantee the benefit received at death. The Company's exposure arises when the guaranteed minimum death benefit exceeds the fair value of the related mutual fund investments at the time of a contractholder's death.

The following table presents the account value, net amount at risk and the number of contractholders for guarantees assumed by the Company in the event of death. The net amount at risk is the amount that the Company would have to pay if all contractholders died as of the specified date. The Company should be reimbursed in full for these payments unless the Berkshire reinsurance limit is exceeded.

(Dollars in millions, excludes impact of reinsurance ceded)	**June 30, 2022**	**December 31, 2021**
Account value	**$ 7,626**	$ 9,795
Net amount at risk	**$ 2,264**	$ 1,392
Number of contractholders (estimated)	**160,000**	170,000

GMIB

The Company reinsured contracts with issuers of GMIB products. The Company's exposure represents the excess of a contractually guaranteed amount over the level of variable annuity account values. Payment by the Company depends on the actual account value in the related underlying mutual funds and the level of interest rates when the contractholders elect to receive minimum income payments that can only occur within 30 days of a policy anniversary after the appropriate waiting period. The Company has purchased retrocessional coverage ("GMIB assets") for these contracts including retrocessional coverage from Berkshire.

GMIB liabilities totaling $463 million as of June 30, 2022 and $572 million as of December 31, 2021 are classified as Level 3 because fair value inputs are largely unobservable. The GMIB liabilities reflect the Company's credit risk, while the reinsurance recoverable reflects the credit risk of the reinsurers. There were three reinsurers covering 100% of the GMIB exposures as of June 30, 2022 and December 31, 2021 as follows:

(In millions)

Line of Business	**Reinsurer**	**June 30, 2022**	**December 31, 2021**	**Collateral and Other Terms at June 30, 2022**
GMIB	Berkshire	**$ 230**	$ 283	100% were secured by assets in a trust.
	Sun Life Assurance Company of Canada	**136**	167	
	Liberty Re (Bermuda) Ltd.	**123**	151	100% were secured by assets in a trust.
Total GMIB recoverables reported in Other current assets and Other assets		**$ 489**	$ 601	

All reinsurers are rated A- equivalent and higher by an NRSRO.

Note 11 – Investments

Cigna's investment portfolio consists of a broad range of investments including debt securities, equity securities, commercial mortgage loans, policy loans, other long-term investments, short-term investments and derivative financial instruments. The sections below provide more detail regarding our investment balances and realized investment gains and losses. See Note 12 for information about the valuation of the Company's investment portfolio. Further information about our accounting policies for investment assets can be found in Note 11 of the Company's 2021 Form 10-K.

The following table summarizes the Company's investments by category and current or long-term classification:

(In millions)	June 30, 2022 Current	June 30, 2022 Long-term	June 30, 2022 Total	December 31, 2021 Current	December 31, 2021 Long-term	December 31, 2021 Total
Debt securities	**$ 784**	**$ 13,166**	**$ 13,950**	$ 796	$ 16,162	$ 16,958
Equity securities	**69**	**767**	**836**	—	603	603
Commercial mortgage loans	**13**	**1,566**	**1,579**	40	1,526	1,566
Policy loans	**—**	**1,325**	**1,325**	—	1,338	1,338
Other long-term investments	**—**	**4,107**	**4,107**	—	3,574	3,574
Short-term investments	**199**	**—**	**199**	428	—	428
Total	**1,065**	**20,931**	**21,996**	1,264	23,203	24,467
Investments classified as assets of businesses held for sale [(1)]	**(311)**	**(4,207)**	**(4,518)**	(344)	(4,765)	(5,109)
Investments per Consolidated Balance Sheets	**$ 754**	**$ 16,724**	**$ 17,478**	$ 920	$ 18,438	$ 19,358

[(1)] Investments related to the international life, accident and supplemental benefits businesses that are held for sale. These investments are primarily comprised of debt securities and other long-term investments, and to a lesser extent, equity securities and short-term investments. See Note 5 to the Consolidated Financial Statements for additional information.

A. Investment Portfolio

Debt Securities

The amortized cost and fair value by contractual maturity periods for debt securities were as follows at June 30, 2022:

(In millions)	Amortized Cost	Fair Value
Due in one year or less	**$ 820**	**$ 813**
Due after one year through five years	**4,655**	**4,454**
Due after five years through ten years	**4,844**	**4,407**
Due after ten years	**4,206**	**3,909**
Mortgage and other asset-backed securities	**399**	**367**
Total	**$ 14,924**	**$ 13,950**

Actual maturities of these securities could differ from their contractual maturities used in the table above because issuers may have the right to call or prepay obligations, with or without penalties.

Gross unrealized appreciation (depreciation) on debt securities by type of issuer is shown below:

(In millions)	Amortized Cost	Allowance for Credit Loss	Unrealized Appreciation	Unrealized Depreciation	Fair Value
June 30, 2022					
Federal government and agency	**$ 303**	**$ —**	**$ 56**	**$ (6)**	**$ 353**
State and local government	**157**	**—**	**—**	**(12)**	**145**
Foreign government	**2,471**	**—**	**63**	**(203)**	**2,331**
Corporate	**11,594**	**(45)**	**151**	**(946)**	**10,754**
Mortgage and other asset-backed	**399**	**—**	**2**	**(34)**	**367**
Total	**$ 14,924**	**$ (45)**	**$ 272**	**$ (1,201)**	**$ 13,950**
Investments supporting liabilities of the Company's run-off settlement annuity business (included in total above) [(1)]	**$ 2,266**	**$ (5)**	**$ 220**	**$ (185)**	**$ 2,296**
December 31, 2021					
Federal government and agency	$ 287	$ —	$ 101	$ (1)	$ 387
State and local government	154	—	17	—	171
Foreign government	2,468	—	194	(46)	2,616
Corporate	12,361	(23)	1,008	(80)	13,266
Mortgage and other asset-backed	505	—	17	(4)	518
Total	$ 15,775	$ (23)	$ 1,337	$ (131)	$ 16,958
Investments supporting liabilities of the Company's run-off settlement annuity business (included in total above) [(1)]	$ 2,262	$ (5)	$ 720	$ (10)	$ 2,967

[(1)] Net unrealized appreciation for these investments is excluded from Accumulated other comprehensive loss.

Review of declines in fair value. Management reviews impaired debt securities to determine whether a credit loss allowance is needed based on criteria that include:

- severity of decline;
- financial health and specific prospects of the issuer; and
- changes in the regulatory, economic or general market environment of the issuer's industry or geographic region.

The table below summarizes debt securities with a decline in fair value from amortized cost for which an allowance for credit losses has not been recorded, by investment grade and the length of time these securities have been in an unrealized loss position. These debt securities are primarily corporate securities with a decline in fair value that reflects an increase in market yields since purchase. Our allowance for credit losses on debt securities was not material as of June 30, 2022 and December 31, 2021.

	June 30, 2022				December 31, 2021			
(Dollars in millions)	**Fair Value**	**Amortized Cost**	**Unrealized Depreciation**	**Number of Issues**	**Fair Value**	**Amortized Cost**	**Unrealized Depreciation**	**Number of Issues**
One year or less								
Investment grade	**$ 8,378**	**$ 9,258**	**$ (880)**	**2,695**	$ 2,785	$ 2,861	$ (76)	909
Below investment grade	**1,124**	**1,252**	**(128)**	**1,405**	561	578	(17)	781
More than one year								
Investment grade	**750**	**916**	**(166)**	**355**	382	412	(30)	143
Below investment grade	**191**	**218**	**(27)**	**134**	162	170	(8)	53
Total	**$ 10,443**	**$ 11,644**	**$ (1,201)**	**4,589**	$ 3,890	$ 4,021	$ (131)	1,886

Equity Securities

The following table provides the values of the Company's equity security investments as of June 30, 2022 and December 31, 2021:

	June 30, 2022		December 31, 2021	
(In millions)	**Cost**	**Carrying Value**	**Cost**	**Carrying Value**
Equity securities with readily determinable fair values	**$ 831**	**$ 426**	$ 257	$ 207
Equity securities with no readily determinable fair value	**283**	**410**	270	396
Total	**$ 1,114**	**$ 836**	$ 527	$ 603

Approximately 65% of our investments in equity securities are in the health care sector, consistent with our strategy to invest in targeted startup and growth-stage companies in the health care industry.

Commercial Mortgage Loans

Mortgage loans held by the Company are made exclusively to commercial borrowers and are diversified by property type, location and borrower. Loans are generally issued at fixed rates of interest and are secured by high quality, primarily completed and substantially leased operating properties.

The Company regularly evaluates and monitors credit risk from the initial mortgage loan underwriting and throughout the investment holding period. For more information on the Company's accounting policies and methodologies regarding these investments, see Note 11 to the Company's 2021 Form 10-K for the year ended December 31, 2021.

The following table summarizes the credit risk profile of the Company's commercial mortgage loan portfolio as of June 30, 2022 and December 31, 2021:

(Dollars in millions)	June 30, 2022			December 31, 2021		
Loan-to-Value Ratio	**Carrying Value**	**Average Debt Service Coverage Ratio**	**Average Loan-to-Value Ratio**	**Carrying Value**	**Average Debt Service Coverage Ratio**	**Average Loan-to-Value Ratio**
Below 60%	**$ 850**	**2.21**		$ 560	2.18	
60% to 79%	**567**	**1.49**		883	1.89	
80% to 100%	**108**	**1.21**		129	1.47	
Greater than 100%	**63**	**1.04**		—	—	
Allowance for credit losses	**(9)**			(6)		
Total	**$ 1,579**	**1.84**	**59 %**	$ 1,566	1.96	61 %

Other Long-Term Investments

Other long-term investments include investments in unconsolidated entities, including certain limited partnerships and limited liability companies holding real estate, securities or loans. These investments are carried at cost plus the Company's ownership percentage of reporting income or loss, based on the financial statements of the underlying investments that are generally reported at fair value. Income or loss from these investments is reported on a one quarter lag due to the timing of when financial information is received from the general partner or manager of the investments.

Other long-term investments also include investment real estate carried at depreciated cost less any impairment write-downs to fair value when cash flows indicate that the carrying value may not be recoverable. Additionally, statutory and other restricted deposits and foreign currency swaps carried at fair value are reported in the table below as Other. The following table provides the carrying value information for these investments:

	Carrying value as of	
(In millions)	**June 30, 2022**	**December 31, 2021**
Real estate investments	**$ 1,356**	$ 1,152
Securities partnerships	**2,499**	2,272
Other	**252**	150
Total	**$ 4,107**	$ 3,574

B. Derivative Financial Instruments

The Company uses derivative financial instruments to manage the characteristics of investment assets (such as duration, yield, currency and liquidity) to meet the varying demands of the related insurance and contractholder liabilities. The Company also uses derivative financial instruments to hedge the risk of changes in the net assets of certain of its foreign subsidiaries due to changes in foreign currency exchange rates and to hedge the interest rate risk of certain long-term debt. The Company has written and purchased GMIB reinsurance contracts in its run-off reinsurance business that are accounted for as freestanding derivatives as discussed in Note 10. Derivatives in the Company's separate accounts are excluded from the following discussion because associated gains and losses generally accrue directly to separate account policyholders.

The gross fair values of our derivative financial instruments are presented in Note 12. As of June 30, 2022 and December 31, 2021, the effects of derivative financial instruments used in these individual hedging strategies were not material to the Consolidated Financial Statements, including gains or losses reclassified from Accumulated other comprehensive loss into Shareholders' net income, amounts excluded from the assessment of hedge effectiveness and fair values of assets posted or held as collateral supporting the fair values of these derivative financial instruments. The following table summarizes the types and notional quantity of derivative instruments held by the Company:

(In millions)		Notional Value as of	
Purpose	**Type of Instrument**	**June 30, 2022**	**December 31, 2021**
Fair value hedge: To hedge the foreign exchange-related changes in fair values of certain foreign-denominated bonds. The notional value of these derivatives matches the amortized cost of the hedged bonds. A majority of these instruments are denominated in Euros, with the remaining instruments denominated in British Pounds Sterling and Australian Dollars.	Foreign currency swap contracts	**$ 1,073**	$ 1,081
Fair value hedge: To convert a portion of the interest rate exposure on the Company's long-term debt from fixed to variable rates. This more closely aligns the Company's interest expense with the interest income received on its cash equivalent and short-term investment balances. The variable rates are benchmarked to SOFR.	Interest rate swap contracts	**$ 1,500**	$ 750
Net investment hedge: To reduce the risk of changes in net assets due to changes in foreign currency spot exchange rates for certain foreign subsidiaries that conduct their business principally in currencies other than the U.S. Dollar. The notional value of hedging instruments matches the hedged amount of subsidiary net assets. Foreign currency swap contracts are denominated in Euros, while foreign currency forward contracts are primarily denominated in Korean Won, with the remaining instruments denominated in New Zealand Dollars and Taiwan Dollars. As of June 30, 2022 there were no forward contracts denominated in the Taiwan Dollar.	Foreign currency swap contracts	**$ 526**	$ 526
	Foreign currency forward contracts [1]	**$ 720**	$ 1,380
Economic hedge: To hedge the foreign exchange-related changes in fair value of U.S. dollar-denominated investment assets to reflect the local currency for the Company's foreign subsidiary in South Korea. The notional value of hedging instruments generally aligns with the fair value of the hedged investments.	Foreign currency forward contracts [1]	**$ 730**	$ 720

[1] These instruments are associated with the international life, accident and supplemental benefits businesses that are held for sale and will be unwound, terminated, or otherwise disposed in conjunction with the Chubb Transaction.

As there have been no changes to the types of derivative financial instruments the Company uses, refer to the Company's 2021 Form 10-K for further discussion on our accounting policy.

C. Realized Investment Gains and Losses

The following realized gains and losses on investments exclude amounts required to adjust future policy benefits for the run-off settlement annuity business (consistent with accounting for a premium deficiency), as well as realized gains and losses attributed to the Company's separate accounts because those gains and losses generally accrue directly to separate account policyholders:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Net realized investment gains (losses), excluding credit loss expense and asset write-downs	**$ (71)**	$ 60	**$ (390)**	$ 70
Credit loss (expense) recoveries	**(24)**	(1)	**(24)**	(10)
Net realized investment gains (losses), before income taxes	**$ (95)**	$ 59	**$ (414)**	$ 60

Net realized investment losses for the six months ended June 30, 2022 were primarily due to mark-to-market losses on a strategic health care equity securities investment.

Note 12 – Fair Value Measurements

The Company carries certain financial instruments at fair value in the financial statements including debt securities, certain equity securities, short-term investments and derivatives. Other financial instruments are measured at fair value only under certain conditions, such as when impaired or when there are observable price changes for equity securities with no readily determinable fair value.

Fair value is defined as the price at which an asset could be exchanged in an orderly transaction between market participants at the balance sheet date. A liability's fair value is defined as the amount that would be paid to transfer the liability to a market participant, not the amount that would be paid to settle the liability with the creditor.

The Company's financial assets and liabilities carried at fair value have been classified based upon a hierarchy defined by GAAP. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level of input that is significant to its measurement. For example, a financial asset or liability carried at fair value would be classified in Level 3 if unobservable inputs were significant to the instrument's fair value, even though the measurement may be derived using inputs that are both observable (Levels 1 and 2) and unobservable (Level 3).

For a description of the policies, methods and assumptions that are used to estimate fair value and determine the fair value hierarchy for each class of financial instruments, see Note 12 "Fair Value Measurements" to the Company's 2021 Form 10-K.

A. Financial Assets and Financial Liabilities Carried at Fair Value

The following table provides information as of June 30, 2022 and December 31, 2021 about the Company's financial assets and liabilities carried at fair value. Separate account assets are also recorded at fair value on the Company's Consolidated Balance Sheets and are reported separately in the Separate Accounts section below as gains and losses related to these assets generally accrue directly to policyholders.

(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total	
	As of June 30, 2022	As of December 31, 2021	As of June 30, 2022	As of December 31, 2021	As of June 30, 2022	As of December 31, 2021	As of June 30, 2022	As of December 31, 2021
Financial assets at fair value								
Debt securities								
Federal government and agency	**$ 148**	$ 147	**$ 205**	$ 240	**$ —**	$ —	**$ 353**	$ 387
State and local government	**—**	—	**145**	171	**—**	—	**145**	171
Foreign government	**—**	—	**2,331**	2,611	**—**	5	**2,331**	2,616
Corporate	**—**	—	**10,327**	12,606	**427**	660	**10,754**	13,266
Mortgage and other asset-backed	**—**	—	**282**	418	**85**	100	**367**	518
Total debt securities	**148**	147	**13,290**	16,046	**512**	765	**13,950**	16,958
Equity securities [1]	**9**	16	**417**	160	**—**	31	**426**	207
Short-term investments	**—**	—	**199**	428	**—**	—	**199**	428
Derivative assets	**—**	—	**258**	143	**—**	—	**258**	143
Financial liabilities at fair value								
Derivative liabilities	**$ —**	$ —	**$ 54**	$ 33	**$ —**	$ —	**$ 54**	$ 33

[1] Excludes certain equity securities that have no readily determinable fair value.

Level 3 Financial Assets and Financial Liabilities

Certain inputs for instruments classified in Level 3 are unobservable (supported by little or no market activity) and significant to their resulting fair value measurement. Unobservable inputs reflect the Company's best estimate of what hypothetical market participants would use to determine a transaction price for the asset or liability at the reporting date.

Quantitative Information about Unobservable Inputs

The significant unobservable input used to value our corporate and government debt securities and mortgage and other asset-backed securities is an adjustment for liquidity. This adjustment is needed to reflect current market conditions and issuer circumstances when there is limited trading activity for the security.

The following table summarizes the fair value and significant unobservable inputs that were developed directly by the Company and used in pricing these debt securities as of June 30, 2022 and December 31, 2021. The range and weighted average basis point ("bps") amounts for liquidity reflect the Company's best estimates of the unobservable adjustments a market participant would make to calculate these fair values.

	Fair Value as of			Unobservable Adjustment Range (Weighted Average by Quantity) as of	
(Fair value in millions)	**June 30, 2022**	**December 31, 2021**	**Unobservable input June 30, 2022**	**June 30, 2022**	**December 31, 2021**
Debt securities					
Corporate and government debt securities	**$ 426**	$ 664	**Liquidity**	**60 - 1200 (320) bps**	60 - 1060 (410) bps
Mortgage and other asset-backed securities	**85**	100	**Liquidity**	**60 - 500 (180) bps**	60 - 390 (100) bps
Other debt securities	**1**	1			
Total Level 3 debt securities	**$ 512**	$ 765			

A significant increase in liquidity spread adjustments would result in a lower fair value measurement, while a decrease would result in a higher fair value measurement.

Changes in Level 3 Financial Assets and Financial Liabilities Carried at Fair Value

The following table summarizes the changes in financial assets and financial liabilities classified in Level 3 for the three and six months ended June 30, 2022 and 2021. Gains and losses reported in the table may include net changes in fair value that are attributable to both observable and unobservable inputs.

	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Debt and Equity Securities				
Beginning balance	**$ 686**	$ 903	**$ 796**	$ 854
Total gains (losses) included in shareholders' net income	**(2)**	(1)	**10**	(11)
Gains (losses) included in other comprehensive income	**(13)**	7	**(28)**	(9)
Gains (losses) required to adjust future policy benefits for settlement annuities [(1)]	**(11)**	1	**(23)**	(7)
Purchases, sales and settlements				
Purchases	**27**	42	**76**	71
Settlements	**(71)**	(9)	**(152)**	(25)
Total purchases, sales and settlements	**(44)**	33	**(76)**	46
Transfers into/(out of) Level 3				
Transfers into Level 3	**17**	37	**118**	123
Transfers out of Level 3	**(121)**	(126)	**(285)**	(142)
Total transfers into/(out of) Level 3	**(104)**	(89)	**(167)**	(19)
Ending balance	**$ 512**	$ 854	**$ 512**	$ 854
Total gains (losses) included in Shareholders' net income attributable to instruments held at the reporting date	**$ (3)**	$ (1)	**$ (2)**	$ (12)
Change in unrealized gains or losses included in Other comprehensive income (loss), net of tax for assets held at the end of the reporting period	**$ (11)**	$ 7	**$ (25)**	$ (9)

[(1)] Amounts do not accrue to shareholders.

Total gains and losses included in Shareholders' net income in the tables above are reflected in the Consolidated Statements of Income as Net realized investment gains (losses) and Net investment income.

Gains and losses included in Other comprehensive income (loss), net of tax in the tables above are reflected in Net unrealized appreciation (depreciation) on securities and derivatives in the Consolidated Statements of Comprehensive Income.

Transfers into or out of the Level 3 category occur when unobservable inputs, such as the Company's best estimate of what a market participant would use to determine a current transaction price, become more or less significant to the fair value measurement. Market activity typically decreases during periods of economic uncertainty and this decrease in activity reduces the availability of market observable data. As a result, the level of unobservable judgment that must be applied to the pricing of certain instruments increases and is typically observed through the widening of liquidity spreads. Transfers between Level 2 and Level 3 during 2022 and 2021 primarily reflected changes in liquidity estimates for certain private placement issuers across several sectors. See discussion under Quantitative Information about Unobservable Inputs above for more information.

Separate Accounts

The investment income and fair value gains and losses of separate account assets generally accrue directly to the contractholders and, together with their deposits and withdrawals, are excluded from the Company's Consolidated Statements of Income and Cash Flows.

Fair values of Separate account assets at June 30, 2022 and December 31, 2021 were as follows:

(In millions)	Quoted Prices in Active Markets for Identical Assets (Level 1)		Significant Other Observable Inputs (Level 2)		Significant Unobservable Inputs (Level 3)		Total	
	June 30, 2022	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**	**June 30, 2022**	**December 31, 2021**
Guaranteed separate accounts (See Note 18)	**$ 208**	$ 227	**$ 228**	$ 276	**$ —**	$ —	**$ 436**	$ 503
Non-guaranteed separate accounts [1]	**212**	1,130	**6,326**	6,406	**249**	334	**6,787**	7,870
Subtotal	**$ 420**	$ 1,357	**$ 6,554**	$ 6,682	**$ 249**	$ 334	**7,223**	8,373
Non-guaranteed separate accounts priced at net asset value ("NAV") as a practical expedient [1]							**920**	842
Total							**8,143**	9,215
Separate account assets of businesses classified as held for sale [2]							**(648)**	(878)
Separate account assets per Consolidated Balance Sheets							**$ 7,495**	$ 8,337

[1] Non-guaranteed separate accounts include $4.2 billion as of June 30, 2022 and $4.5 billion as of December 31, 2021 in assets supporting the Company's pension plans, including $0.2 billion classified in Level 3 as of June 30, 2022 and $0.3 billion as of December 31, 2021.

[2] Investments related to the international life, accident and supplemental benefits businesses that are held for sale. See Note 5 to the Consolidated Financial Statements for additional information.

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Separate account assets classified in Level 3 primarily support Cigna's pension plans and include certain newly-issued, privately-placed, complex or illiquid securities that are priced using methods discussed above, as well as commercial mortgage loans. Activity, including transfers into and out of Level 3, was not material for the three and six months ended June 30, 2022 or 2021.

Separate account investments in securities partnerships, real estate and hedge funds are generally valued based on the separate account's ownership share of the equity of the investee (NAV as a practical expedient), including changes in the fair values of its underlying investments. Substantially all of these assets support the Cigna pension plans. The following table provides additional information on these investments:

(In millions)	Fair Value as of		Unfunded Commitment as of June 30, 2022	Redemption Frequency (if currently eligible)	Redemption Notice Period
	June 30, 2022	**December 31, 2021**			
Securities partnerships	**$ 540**	$ 513	**$ 252**	Not applicable	Not applicable
Real estate funds	**376**	325	**—**	Quarterly	30 - 90 days
Hedge funds	**4**	4	**—**	Up to annually, varying by fund	30 - 90 days
Total	**$ 920**	$ 842	**$ 252**		

As of June 30, 2022, the Company does not have plans to sell any of these assets at less than fair value. These investments are structured to satisfy longer-term investment objectives. Securities partnerships are contractually non-redeemable and the underlying investment assets are expected to be liquidated by the fund managers within ten years after inception.

B. Assets and Liabilities Measured at Fair Value under Certain Conditions

Some financial assets and liabilities are not carried at fair value, such as commercial mortgage loans that are carried at unpaid principal, investment real estate that is carried at depreciated cost and equity securities with no readily determinable fair value when there are no observable market transactions. However, these financial assets and liabilities may be measured using fair value under certain conditions, such as when investments become impaired and are written down to their fair value, or when there are observable price changes from orderly market transactions of equity securities that otherwise had no readily determinable fair value.

For the six months ended June 30, 2022 and 2021, no impairments were recognized requiring these assets to be measured at fair value. Realized investment gains and losses from these observable price changes for the three and six months ended June 30, 2022 and June 30, 2021 were not material.

C. Fair Value Disclosures for Financial Instruments Not Carried at Fair Value

The following table includes the Company's financial instruments not recorded at fair value, however fair value disclosure is required at June 30, 2022 and December 31, 2021. In addition to universal life products and finance leases, financial instruments that are carried in the Company's Consolidated Financial Statements at amounts that approximate fair value are excluded from the following table:

		June 30, 2022		December 31, 2021	
(In millions)	Classification in Fair Value Hierarchy	Fair Value	Carrying Value	Fair Value	Carrying Value
Commercial mortgage loans	Level 3	**$ 1,499**	**$ 1,579**	$ 1,598	$ 1,566
Long-term debt, including current maturities, excluding finance leases	Level 2	**$ 30,062**	**$ 31,526**	$ 35,621	$ 31,593

Note 13 – Variable Interest Entities

We perform ongoing qualitative analyses of our involvement with variable interest entities to determine if consolidation is required. The Company determined that it was not a primary beneficiary in any material variable interest entity as of June 30, 2022 or December 31, 2021. The Company's involvement with variable interest entities for which it is not the primary beneficiary has not changed materially from December 31, 2021. For details of our accounting policy for variable interest entities and the composition of variable interest entities with which the Company is involved, refer to Note 13 in the Company's 2021 Form 10-K. The Company has not provided, and does not intend to provide, financial support to any of these variable interest entities in excess of its maximum exposure.

Note 14 – Accumulated Other Comprehensive Income (Loss) ("AOCI")

AOCI includes net unrealized appreciation (depreciation) on securities and derivatives (excluding appreciation on investments supporting future policy benefit liabilities of the run-off settlement annuity business) (see Note 11), foreign currency translation and the net postretirement benefits liability adjustment. AOCI includes the Company's share from unconsolidated entities reported on the equity method. Generally, tax effects in AOCI are established at the currently enacted tax rate and reclassified to Shareholders' net income in the same period that the related pre-tax AOCI reclassifications are recognized. Changes in the components of AOCI were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Securities and Derivatives				
Beginning balance	**$ 125**	$ 627	**$ 685**	$ 900
Appreciation (depreciation) on securities and derivatives	**(541)**	170	**(1,246)**	(172)
Tax (expense) benefit	**101**	(40)	**255**	25
Net Appreciation (depreciation) on securities and derivatives	**(440)**	130	**(991)**	(147)
Reclassification adjustment for (gains) losses included in Shareholders' net income (Net realized investment (gains) losses)	**38**	(11)	**27**	(6)
Reclassification adjustment for tax expense (benefit) included in Shareholders' net income	**(8)**	3	**(6)**	2
Net (gains) losses reclassified from AOCI to Shareholders' net income	**30**	(8)	**21**	(4)
Other comprehensive income (loss), net of tax	**(410)**	122	**(970)**	(151)
Ending balance	**$ (285)**	$ 749	**$ (285)**	$ 749
Translation of foreign currencies				
Beginning balance	**$ (294)**	$ (130)	**$ (233)**	$ (15)
Translation of foreign currencies	**(180)**	16	**(240)**	(98)
Tax (expense)	**(26)**	—	**(29)**	(5)
Other comprehensive income (loss), net of tax	**(206)**	16	**(269)**	(103)
Less: Net translation gain (loss) on foreign currencies attributable to noncontrolling interests	**(1)**	(1)	**(3)**	(5)
Shareholders' other comprehensive income (loss), net of tax	**(205)**	17	**(266)**	(98)
Ending balance	**$ (499)**	$ (113)	**$ (499)**	$ (113)
Postretirement benefits liability				
Beginning balance	**$ (1,323)**	$ (1,728)	**$ (1,336)**	$ (1,746)
Reclassification adjustment for amortization of net prior actuarial losses and prior service costs (Interest expense and other)	**17**	19	**33**	39
Reclassification adjustment for settlement (Interest expense and other)	**—**	1	**—**	4
Reclassification adjustment for tax (benefit) included in Shareholders' net income	**(4)**	(5)	**(7)**	(10)
Net adjustments reclassified from AOCI to Shareholders' net income	**13**	15	**26**	33
Valuation update	**18**	—	**18**	—
Tax (expense)	**(4)**	—	**(4)**	—
Net change due to valuation update	**14**	—	**14**	—
Other comprehensive income (loss), net of tax	**27**	15	**40**	33
Ending balance	**$ (1,296)**	$ (1,713)	**$ (1,296)**	$ (1,713)

Note 15 – Organizational Efficiency Plan

During the fourth quarter of 2021, the Company approved a strategic plan to further leverage its ongoing growth to drive operational efficiency through enhancements to organizational structure and increased use of automation and shared services. As a result, during the fourth quarter of 2021, we recognized a charge in Selling, general and administrative expenses of $168 million, pre-tax ($119 million, after-tax) that included $59 million of one-time expenses related to abandonment of leased assets and impairment of property and equipment as well as $109 million of accrued expenses primarily for severance costs related to headcount reductions.

As previously anticipated, during the second quarter of 2022, the Company updated our strategic plan and recognized an additional charge in Selling, general and administrative expenses of $22 million, pre-tax ($17 million, after-tax) related to accrued expenses primarily for severance costs.

The following table summarizes a roll forward of the accrued liability recorded in Accrued expenses and other liabilities:

(In millions)		
Balance, December 31, 2021	**$**	**103**
2022 payments		**(37)**
Second quarter 2022 charge		**22**
Balance, June 30, 2022	**$**	**88**

We expect most of the accrued liability to be paid by the end of 2023.

Note 16 – Leases

Operating and finance lease right-of-use ("ROU") assets and lease liabilities were as follows:

(In millions)		**June 30, 2022**		**December 31, 2021**
Operating leases: [1]				
Operating lease ROU assets in Other assets	**$**	**445**	$	478
Accrued expenses and other liabilities	**$**	**151**	$	159
Other non-current liabilities		**391**		436
Total operating lease liabilities	**$**	**542**	$	595
Finance leases:				
Property and equipment, gross	**$**	**118**	$	101
Accumulated depreciation		**(63)**		(51)
Property and equipment, net	**$**	**55**	$	50
Short-term debt	**$**	**23**	$	23
Long-term debt		**35**		28
Total finance lease liabilities	**$**	**58**	$	51

[1] Operating leases include $28 million as of June 30, 2022 and $27 million as of December 31, 2021 classified as Assets of businesses held for sale and $22 million as of June 30, 2022, and $28 million as of December 31, 2021 classified as Liabilities of businesses held for sale.

Note 17 – Income Taxes

Income Tax Expense

The 20.8% effective tax rate for the three months ended June 30, 2022 and the 21.6% effective tax rate for the six months ended June 30, 2022 were lower than the 22.2% rate for the three months ended June 30, 2021 and the 22.4% rate for the six months ended June 30, 2021. These decreases are primarily attributable to favorable results relative to our foreign operations and for the six months ended June 30, 2022 the favorable impact of the remeasurement of deferred taxes, partially offset by the absence of the favorable impact of non-recurring items recorded in 2021.

Note 18 – Contingencies and Other Matters

The Company, through its subsidiaries, is contingently liable for various guarantees provided in the ordinary course of business.

A. Financial Guarantees: Retiree and Life Insurance Benefits

The Company guarantees that separate account assets will be sufficient to pay certain life insurance or retiree benefits. For the majority of these benefits, the sponsoring employers are primarily responsible for ensuring that assets are sufficient to pay these benefits and are required to maintain assets that exceed a certain percentage of benefit obligations. If employers fail to do so, the Company or an affiliate of the buyer of the retirement benefits business has the right to redirect the management of the related assets to provide for benefit payments. As of June 30, 2022, employers maintained assets that generally exceeded the benefit obligations under these arrangements of approximately $430 million. An additional liability is established if management believes that the Company will be required to make payments under the guarantees; there were no additional liabilities required for these guarantees,

net of reinsurance, as of June 30, 2022. Separate account assets supporting these guarantees are classified in Levels 1 and 2 of the GAAP fair value hierarchy.

The Company does not expect that these financial guarantees will have a material effect on the Company's consolidated results of operations, liquidity or financial condition.

B. Certain Other Guarantees

The Company had indemnification obligations as of June 30, 2022 in connection with acquisition and disposition transactions. These indemnification obligations are triggered by the breach of representations or covenants provided by the Company, such as representations for the presentation of financial statements, filing of tax returns, compliance with law or identification of outstanding litigation. These obligations are typically subject to various time limitations, defined by the contract or by operation of law, such as statutes of limitation. In some cases, the maximum potential amount due is subject to contractual limitations based on a percentage of the transaction purchase price, while in other cases limitations are not specified or applicable. The Company does not believe that it is possible to determine the maximum potential amount due under these obligations because not all amounts due under these indemnification obligations are subject to limitation. There were no liabilities for these indemnification obligations as of June 30, 2022.

C. Guaranty Fund Assessments

The Company operates in a regulatory environment that may require its participation in assessments under state insurance guaranty association laws. The Company's exposure to assessments for certain obligations of insolvent insurance companies to policyholders and claimants is based on its share of business written in the relevant jurisdictions.

There were no material charges or credits resulting from existing or new guaranty fund assessments for the six months ended June 30, 2022.

D. Legal and Regulatory Matters

The Company is routinely involved in numerous claims, lawsuits, regulatory inquiries and audits, government investigations, including under the federal False Claims Act and state false claims acts initiated by a government investigating body or by a *qui tam* relator's filing of a complaint under court seal, and other legal matters arising, for the most part, in the ordinary course of managing a global health services business. Additionally, the Company has received and is cooperating with subpoenas or similar processes from various governmental agencies requesting information, all arising in the normal course of its business. Disputed tax matters arising from audits by the Internal Revenue Service or other state and foreign jurisdictions, including those resulting in litigation, are accounted for under GAAP guidance for uncertain tax positions.

Pending litigation and legal or regulatory matters that the Company has identified with a reasonably possible material loss and certain other material litigation matters are described below. For those matters that the Company has identified with a reasonably possible material loss, the Company provides disclosure in the aggregate of accruals and range of loss, or a statement that such information cannot be estimated. The Company's accruals for the matters discussed below under "Litigation Matters" and "Regulatory Matters" are not material. Due to numerous uncertain factors presented in these cases, it is not possible to estimate an aggregate range of loss (if any) for these matters at this time. In light of the uncertainties involved in these matters, there is no assurance that their ultimate resolution will not exceed the amounts currently accrued by the Company. An adverse outcome in one or more of these matters could be material to the Company's results of operations, financial condition or liquidity for any particular period. The outcomes of lawsuits are inherently unpredictable and we may be unsuccessful in these ongoing litigation matters or any future claims or litigation.

Litigation Matters

Express Scripts Litigation with Elevance. In March 2016, Elevance filed a lawsuit in the United States District Court for the Southern District of New York alleging various breach of contract claims against Express Scripts relating to the parties' rights and obligations under the periodic pricing review section of the pharmacy benefit management agreement between the parties including allegations that Express Scripts failed to negotiate new pricing concessions in good faith, as well as various alleged service issues. Elevance also requested that the court enter declaratory judgment that Express Scripts is required to provide Elevance competitive benchmark pricing, that Elevance can terminate the agreement and that Express Scripts is required to provide Elevance with post-termination services at competitive benchmark pricing for one year following any termination by Elevance. Elevance claims it is entitled to $13 billion in additional pricing concessions over the remaining term of the agreement, as well as $1.8 billion for one year following any contract termination by Elevance and $150 million damages for service issues ("Elevance's Allegations"). On April 19, 2016, in response to Elevance's complaint, Express Scripts filed its answer denying Elevance's Allegations in their entirety and asserting

affirmative defenses and counterclaims against Elevance. The court subsequently granted Elevance's motion to dismiss two of six counts of Express Scripts' amended counterclaims. Express Scripts filed its Motion for Summary Judgment on August 27, 2021. Elevance completed filing of its Response to Express Scripts' Motion for Summary Judgment on October 16, 2021. Express Scripts filed its Reply in Support of its Motion for Summary Judgment on November 19, 2021. On March 31, 2022, the court granted summary judgment in favor of Express Scripts on all of Elevance's pricing claims for damages totaling $14.8 billion and on most of Elevance's claims relating to service issues. Elevance's only remaining service claims relate to the review or processing of prior authorizations. On June 10, 2022, Express Scripts filed a Motion for Partial Summary Judgment seeking to limit Elevance's remaining prior authorization claims and a Motion to Exclude certain opinions offered by its experts. Elevance filed its opposition to both motions, and a cross-motion to submit a supplemental expert report, on July 9, 2022. Express Scripts' pending Motions were fully briefed by the end of July 2022.

Medicare Advantage. A *qui tam* action that was filed by a private individual on behalf of the government in the United States District Court for the Southern District of New York in 2017 was unsealed on August 6, 2020. The action asserts claims related to risk adjustment practices arising from certain health exams conducted as part of the Company's Medicare Advantage business. In September 2021, the *qui tam* action was transferred to the United States District Court for the Middle District of Tennessee. On January 11, 2022, the U.S. Department of Justice ("DOJ") (U.S. Attorney's Offices for the Southern District of New York and the Middle District of Tennessee) filed a motion to partially intervene, which is pending before the court. The Company has opposed the DOJ's motion to intervene and the government filed its reply brief on February 1, 2022. The motion has been fully briefed and is under the court's review.

Regulatory Matters

Civil Investigative Demand. The DOJ is conducting industry-wide investigations of Medicare Advantage organizations' risk adjustment practices. For certain Medicare Advantage organizations, including Cigna, those investigations have resulted in litigation (see "Litigation Matters—Medicare Advantage" above). The Company is currently responding to information requests (civil investigative demands) from the DOJ (U.S. Attorney's Office for the Eastern District of Pennsylvania). The Company is cooperating with the DOJ and has responded and continues to respond to its requests.

Note 19 – Segment Information

See Note 1 for a description of our segments, including the segment change effective in the fourth quarter of 2021. Prior year segment information has been adjusted to reflect the segment change and a description of our basis of reporting segment operating results is outlined below. Intersegment revenues primarily reflect pharmacy-related transactions between the Evernorth and Cigna Healthcare segments.

The Company uses "pre-tax adjusted income (loss) from operations" and "adjusted revenues" as its principal financial measures of segment operating performance because management believes these metrics best reflect the underlying results of business operations and permit analysis of trends in underlying revenue, expenses and profitability. We define pre-tax adjusted income from operations as income before income taxes excluding pre-tax income/loss attributable to noncontrolling interests, net realized investment results, amortization of acquired intangible assets, and special items. Cigna's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting are also excluded. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. Adjusted income (loss) from operations is measured on an after-tax basis for consolidated results and on a pre-tax basis for segment results.

The Company defines adjusted revenues as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. We exclude these items from this measure because management believes they are not indicative of past or future underlying performance of the business.

The Company does not report total assets by segment because this is not a metric used to allocate resources or evaluate segment performance.

The following tables present the special items recorded by the Company for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended				Six Months Ended			
(In millions)	**June 30, 2022**		**June 30, 2021**		**June 30, 2022**		**June 30, 2021**	
Description of Special Item Charges (Benefits) and Financial Statement Line Item(s)	**After-tax**	**Before-tax**	**After-tax**	**Before-tax**	**After-tax**	**Before-tax**	**After-tax**	**Before-tax**
Integration and transaction-related costs (Selling, general and administrative expenses)	**$ 26**	**$ 36**	$ 14	$ 16	**$ 63**	**$ 88**	$ 36	$ 45
Charge for organizational efficiency plan (Selling, general and administrative expenses)	**17**	**22**	—	—	**17**	**22**	—	—
Charges (benefits) associated with litigation matters (Selling, general and administrative expenses)	**(20)**	**(28)**	—	—	**(20)**	**(28)**	(21)	(27)
Debt extinguishment costs	**—**	**—**	9	10	**—**	**—**	110	141
Total impact from special items	**$ 23**	**$ 30**	$ 23	$ 26	**$ 60**	**$ 82**	$ 125	$ 159

Summarized segment financial information was as follows:

(In millions)	Evernorth	Cigna Healthcare	Other Operations	Corporate and Eliminations	Total
Three months ended June 30, 2022					
Revenues from external customers	**$ 33,716**	**$ 10,622**	**$ 817**	**$ —**	**$ 45,155**
Intersegment revenues	**1,131**	**586**	**—**	**(1,717)**	
Net investment income	**16**	**178**	**131**	**—**	**325**
Total revenues	**34,863**	**11,386**	**948**	**(1,717)**	**45,480**
Net realized investment results from certain equity method investments	**—**	**(49)**	**—**	**—**	**(49)**
Adjusted revenues	**$ 34,863**	**$ 11,337**	**$ 948**	**$ (1,717)**	**$ 45,431**
Income (loss) before income taxes	**$ 1,044**	**$ 1,205**	**$ 167**	**$ (431)**	**$ 1,985**
Pre-tax adjustments to reconcile to adjusted income from operations					
(Income) attributable to noncontrolling interests	**(13)**	**—**	**(2)**	**—**	**(15)**
Net realized investment (gains) losses [(1)]	**—**	**(22)**	**68**	**—**	**46**
Amortization of acquired intangible assets	**444**	**57**	**—**	**—**	**501**
Special items					
Integration and transaction-related costs	**—**	**—**	**—**	**36**	**36**
Charge for organizational efficiency plan	**—**	**—**	**—**	**22**	**22**
Charges (benefits) associated with litigation matters	**—**	**—**	**—**	**(28)**	**(28)**
Pre-tax adjusted income (loss) from operations	**$ 1,475**	**$ 1,240**	**$ 233**	**$ (401)**	**$ 2,547**

(In millions)	Evernorth	Cigna Healthcare	Other Operations	Corporate and Eliminations	Total
Three months ended June 30, 2021					
Revenues from external customers	$ 31,553	$ 10,403	$ 865	$ —	$ 42,821
Intersegment revenues	1,034	590	—	(1,624)	
Net investment income	5	180	125	—	310
Total revenues	32,592	11,173	990	(1,624)	43,131
Net realized investment results from certain equity method investments	—	(24)	—	—	(24)
Adjusted revenues	$ 32,592	$ 11,149	$ 990	$ (1,624)	$ 43,107
Income (loss) before income taxes	$ 929	$ 1,111	$ 228	$ (370)	$ 1,898
Pre-tax adjustments to reconcile to adjusted income from operations					
(Income) attributable to noncontrolling interests	(6)	—	(5)	—	(11)
Net realized investment (gains) losses [(1)]	2	(74)	(11)	—	(83)
Amortization of acquired intangible assets	488	12	3	—	503
Special items					
Integration and transaction-related costs	—	—	—	16	16
Debt extinguishment costs	—	—	—	10	10
Pre-tax adjusted income (loss) from operations	$ 1,413	$ 1,049	$ 215	$ (344)	$ 2,333

[(1)] Includes the Company's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting.

(In millions)	Evernorth	Cigna Healthcare	Other Operations	Corporate and Eliminations	Total
Six months ended June 30, 2022					
Revenues from external customers	**$ 66,005**	**$ 21,083**	**$ 1,658**	**$ —**	**$ 88,746**
Intersegment revenues	**2,418**	**1,148**	**—**	**(3,566)**	
Net investment income	**26**	**444**	**269**	**—**	**739**
Total revenues	**68,449**	**22,675**	**1,927**	**(3,566)**	**89,485**
Net realized investment results from certain equity method investments	**—**	**54**	**—**	**—**	**54**
Adjusted revenues	**$ 68,449**	**$ 22,729**	**$ 1,927**	**$ (3,566)**	**$ 89,539**
Income (loss) before income taxes	**$ 1,914**	**$ 2,064**	**$ 382**	**$ (826)**	**$ 3,534**
Pre-tax adjustments to reconcile to adjusted income from operations					
(Income) attributable to noncontrolling interests	**(24)**	**(1)**	**(7)**	**—**	**(32)**
Net realized investment (gains) losses [1]	**—**	**384**	**84**	**—**	**468**
Amortization of acquired intangible assets	**887**	**72**	**—**	**—**	**959**
Special items					
Integration and transaction-related costs	**—**	**—**	**—**	**88**	**88**
Charge for organizational efficiency plan	**—**	**—**	**—**	**22**	**22**
Charges (benefits) associated with litigation matters	**—**	**—**	**—**	**(28)**	**(28)**
Pre-tax adjusted income (loss) from operations	**$ 2,777**	**$ 2,519**	**$ 459**	**$ (744)**	**$ 5,011**

(In millions)	Evernorth	Cigna Healthcare	Other Operations	Corporate and Eliminations	Total
Six months ended June 30, 2021					
Revenues from external customers	$ 60,972	$ 20,688	$ 1,741	$ —	$ 83,401
Intersegment revenues	2,232	1,099	—	(3,331)	
Net investment income	8	439	254	—	701
Total revenues	63,212	22,226	1,995	(3,331)	84,102
Net realized investment results from certain equity method investments	—	(10)	—	—	(10)
Adjusted revenues	$ 63,212	$ 22,216	$ 1,995	$ (3,331)	$ 84,092
Income (loss) before income taxes	$ 1,678	$ 2,156	$ 434	$ (857)	$ 3,411
Pre-tax adjustments to reconcile to adjusted income from operations					
(Income) attributable to noncontrolling interests	(11)	(1)	(11)	—	(23)
Net realized investment (gains) losses [1]	4	(90)	16	—	(70)
Amortization of acquired intangible assets	965	26	7	—	998
Special items					
Integration and transaction-related costs	—	—	—	45	45
Charges (benefits) associated with litigation matters	—	—	—	(27)	(27)
Debt extinguishment costs	—	—	—	141	141
Pre-tax adjusted income (loss) from operations	$ 2,636	$ 2,091	$ 446	$ (698)	$ 4,475

[1] Includes the Company's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting.

Revenue from external customers includes Pharmacy revenues, Premiums and Fees and other revenues. The following table presents these revenues by product, premium and service type for the three and six months ended June 30, 2022 and 2021:

	Three Months Ended June 30,		Six Months Ended June 30,	
(In millions)	**2022**	**2021**	**2022**	**2021**
Products (Pharmacy revenues) (ASC 606)				
Network revenues	**$ 16,107**	$ 16,166	**$ 31,638**	$ 31,304
Home delivery and specialty revenues	**15,268**	13,341	**29,967**	26,115
Other revenues	**1,667**	1,619	**3,379**	3,007
Intercompany eliminations	**(1,070)**	(1,079)	**(2,315)**	(2,354)
Total pharmacy revenues	**31,972**	30,047	**62,669**	58,072
Insurance premiums (ASC 944)				
Cigna Healthcare				
U.S. Commercial				
Insured	**3,771**	3,578	**7,491**	7,101
Stop loss	**1,344**	1,194	**2,669**	2,388
Other	**352**	308	**712**	618
U.S. Government				
Medicare Advantage	**2,053**	2,116	**4,131**	4,208
Medicare Part D	**345**	410	**746**	860
Other	**1,038**	1,227	**1,978**	2,365
International Health	**712**	633	**1,414**	1,274
Total Cigna Healthcare	**9,615**	9,466	**19,141**	18,814
International businesses held for sale	**737**	809	**1,500**	1,618
Other	**74**	50	**143**	108
Intercompany eliminations	**—**	(2)	**(2)**	(3)
Total premiums	**10,426**	10,323	**20,782**	20,537
Services (Fees) (ASC 606)				
Evernorth	**1,790**	1,456	**3,414**	2,770
Cigna Healthcare	**1,478**	1,425	**2,974**	2,859
Other Operations	**4**	5	**9**	10
Other revenues	**132**	108	**147**	127
Intercompany eliminations	**(647)**	(543)	**(1,249)**	(974)
Total fees and other revenues	**2,757**	2,451	**5,295**	4,792
Total revenues from external customers	**$ 45,155**	$ 42,821	**$ 88,746**	$ 83,401

Evernorth may also provide certain financial and performance guarantees, including a minimum level of discounts a client may receive, generic utilization rates and various service levels. Clients may be entitled to receive compensation if we fail to meet the guarantees. Actual performance is compared to the contractual guarantee for each measure throughout the period and the Company defers revenue for any estimated payouts within Accrued expenses and other liabilities (current). These estimates are adjusted and paid following the end of the annual guarantee period. Historically, adjustments to original estimates have not been material. This guarantee liability was $1.0 billion as of June 30, 2022 and $1.1 billion as of December 31, 2021.

Item 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

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Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is intended to provide information to assist you in better understanding and evaluating our financial condition as of June 30, 2022, compared with December 31, 2021 and our results of operations for the three and six months ended June 30, 2022, compared with the same periods last year and is intended to help you understand the ongoing trends in our business. We encourage you to read this MD&A in conjunction with our Consolidated Financial Statements included in Part I, Item 1 of this Form 10-Q and our Annual Report on Form 10-K for the year ended December 31, 2021 ("2021 Form 10-K"). In particular, we encourage you to refer to the "Risk Factors" contained in Part I, Item 1A of the 2021 Form 10-K.

Unless otherwise indicated, financial information in this MD&A is presented in accordance with accounting principles generally accepted in the United States of America ("GAAP"). See Note 2 to the Consolidated Financial Statements in our 2021 Form 10-K for additional information regarding the Company's significant accounting policies and see Note 2 to the Consolidated Financial Statements in this Form 10-Q for updates to those policies resulting from adopting new accounting guidance, if any. The preparation of interim consolidated financial statements necessarily relies heavily on estimates. This and certain other factors call for caution in estimating full-year results based on interim results of operations. In some of our financial tables in this MD&A, we present either percentage changes or "N/M" when those changes are so large as to become not meaningful. Changes in percentages are expressed in basis points ("bps").

In this MD&A, our consolidated measures "adjusted income from operations," earnings per share on that same basis and "adjusted revenues" are not determined in accordance with GAAP and should not be viewed as substitutes for the most directly comparable GAAP measures of "shareholders' net income," "earnings per share" and "total revenues." We also use pre-tax adjusted income (loss) from operations and adjusted revenues to measure the results of our segments.

The Company uses "pre-tax adjusted income (loss) from operations" and "adjusted revenues" as its principal financial measures of segment operating performance because management believes these metrics best reflect the underlying results of business operations and permit analysis of trends in underlying revenue, expenses and profitability. We define adjusted income from operations as shareholders' net income (or income before income taxes less pre-tax income/loss attributable to noncontrolling interests for the segment metric) excluding net realized investment results, amortization of acquired intangible assets, and special items. Cigna's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting are also excluded. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. Adjusted income (loss) from operations is measured on an after-tax basis for consolidated results and on a pre-tax basis for segment results. Consolidated adjusted income (loss) from operations is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, shareholders' net income. See the below Financial Highlights section for a reconciliation of consolidated adjusted income from operations to shareholders' net income.

The Company defines adjusted revenues as total revenues excluding the following adjustments: special items and Cigna's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. We exclude these items from this measure because management believes they are not indicative of past or future underlying performance of the business. Adjusted revenues is not determined in accordance with GAAP and should not be viewed as a substitute for the most directly comparable GAAP measure, total revenues. See the below Financial Highlights section for a reconciliation of consolidated adjusted revenues to total revenues.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are based on Cigna's current expectations and projections about future trends, events and uncertainties. These statements are not historical facts. Forward-looking statements may include, among others, statements concerning future financial or operating performance, including our ability to deliver affordable, predictable and simple solutions for our customers and clients, including in light of the challenges presented by the COVID-19 pandemic; future growth, business strategy, and strategic or operational initiatives; economic, regulatory or competitive environments, particularly with respect to the pace and extent of change in these areas and the impact of developing inflationary pressures; the ongoing Russia-Ukraine conflict; financing or capital deployment plans and amounts available for future deployment; our prospects for growth in the coming years; strategic transactions, including the sale of our international life, accident and supplemental benefits businesses; and other statements regarding Cigna's future beliefs, expectations, plans, intentions, liquidity, cash flows, financial condition or performance. You may identify forward-looking statements by the use of words such as "believe," "expect," "project," "plan," "intend," "anticipate," "estimate," "predict," "potential," "may," "should," "will" or other words or expressions of similar meaning, although not all forward-looking statements contain such terms.

Forward-looking statements are subject to risks and uncertainties, both known and unknown, that could cause actual results to differ materially from those expressed or implied in forward-looking statements. Such risks and uncertainties include, but are not limited to: our ability to achieve our strategic and operational initiatives; our ability to adapt to changes in an evolving and rapidly changing industry; our ability to compete effectively, differentiate our products and services from those of our competitors and maintain or increase market share; price competition, inflation and other pressures that could compress our margins or result in premiums that are insufficient to cover the cost of services delivered to our customers; the potential for actual claims to exceed our estimates related to expected medical claims; our ability to develop and maintain satisfactory relationships with physicians, hospitals, other health service providers and with producers and consultants; our ability to maintain relationships with one or more key pharmaceutical manufacturers or if payments made or discounts provided decline; changes in the pharmacy provider marketplace or pharmacy networks; changes in drug pricing or industry pricing benchmarks; political, legal, operational, regulatory, economic and other risks that could affect our multinational operations; the scale, scope and duration of the COVID-19 pandemic and its potential impact on our business, operating results, cash flows or financial condition; risks related to strategic transactions and realization of the expected benefits of such transactions, including with respect to the sale of our international life, accident and supplemental benefits businesses, as well as integration or separation difficulties or underperformance relative to expectations; dependence on success of relationships with third parties; risk of significant disruption within our operations or among key suppliers or third parties; our ability to invest in and properly maintain our information technology and other business systems; our ability to prevent or contain effects of a potential cyberattack or other privacy or data security incident; potential liability in connection with managing medical practices and operating pharmacies, onsite clinics and other types of medical facilities; the substantial level of government regulation over our business and the potential effects of new laws or regulations or changes in existing laws or regulations; uncertainties surrounding participation in government-sponsored programs such as Medicare; the outcome of litigation, regulatory audits and investigations; compliance with applicable privacy, security and data laws, regulations and standards; potential failure of our prevention, detection and control systems; unfavorable economic and market conditions, including the risk of a recession or other economic downturn and resulting impact on employment metrics, stock market or interest rate declines and risks related to a downgrade in financial strength ratings of our insurance subsidiaries; the impact of our significant indebtedness and the potential for further indebtedness in the future; unfavorable industry, economic or political conditions; credit risk related to our reinsurers; as well as more specific risks and uncertainties discussed in Part I, Item 1A – Risk Factors of our 2021 Form 10-K, Part II, Item 7 – Management’s Discussion and Analysis of Financial Condition and Results of Operations of our 2021 Form 10-K, and as described from time to time in our future reports filed with the Securities and Exchange Commission.

You should not place undue reliance on forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance or results and are subject to risks, uncertainties and assumptions that are difficult to predict or quantify. Cigna undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law.

EXECUTIVE OVERVIEW

Cigna Corporation, together with its subsidiaries (either individually or collectively referred to as "Cigna," the "Company," "we," "our" or "us") is a global health services organization with a mission of helping those we serve improve their health, well-being and peace of mind by making health care affordable, predictable and simple. Our subsidiaries offer a differentiated set of pharmacy, medical, dental and related products and services. For further information on our business and strategy, see Item 1, "Business" in our 2021 Form 10-K.

Financial Highlights

See Note 1 to the Consolidated Financial Statements for a description of our segments. The commentary provided below describes our results for the three and six months ended June 30, 2022 compared with the same periods in 2021. Unless specified otherwise, commentary applies to both the three and six month periods.

Summarized below are certain key measures of our performance by segment for the three and six months ended June 30, 2022 and 2021:

Financial highlights by segment

	Three Months Ended June 30,			Six Months Ended June 30,		
(Dollars in millions, except per share amounts)	**2022**	**2021**	**% Change**	**2022**	**2021**	**% Change**
Revenues						
Adjusted revenues by segment						
Evernorth	**$ 34,863**	$ 32,592	7 %	**$ 68,449**	$ 63,212	8 %
Cigna Healthcare	**11,337**	11,149	2	**22,729**	22,216	2
Other Operations	**948**	990	(4)	**1,927**	1,995	(3)
Corporate, net of eliminations	**(1,717)**	(1,624)	(6)	**(3,566)**	(3,331)	(7)
Adjusted revenues	**45,431**	43,107	5	**89,539**	84,092	6
Net realized investment results from certain equity method investments	**49**	24	104	**(54)**	10	N/M
Total revenues	**$ 45,480**	$ 43,131	5 %	**$ 89,485**	$ 84,102	6 %
Shareholders' net income	**$ 1,559**	$ 1,467	6 %	**$ 2,742**	$ 2,628	4 %
Adjusted income from operations	**$ 1,981**	$ 1,808	10 %	**$ 3,912**	$ 3,472	13 %
Earnings per share (diluted)						
Shareholders' net income	**$ 4.90**	$ 4.25	15 %	**$ 8.57**	$ 7.54	14 %
Adjusted income from operations	**$ 6.22**	$ 5.24	19 %	**$ 12.23**	$ 9.96	23 %
Pre-tax adjusted income (loss) from operations by segment						
Evernorth	**$ 1,475**	$ 1,413	4 %	**$ 2,777**	$ 2,636	5 %
Cigna Healthcare	**1,240**	1,049	18	**2,519**	2,091	20
Other Operations	**233**	215	8	**459**	446	3
Corporate, net of eliminations	**(401)**	(344)	(17)	**(744)**	(698)	(7)
Consolidated pre-tax adjusted income from operations	**2,547**	2,333	9	**5,011**	4,475	12
Income attributable to noncontrolling interests	**15**	11	36	**32**	23	39
Net realized investment gains (losses) [1]	**(46)**	83	N/M	**(468)**	70	N/M
Amortization of acquired intangible assets	**(501)**	(503)	—	**(959)**	(998)	4
Special items	**(30)**	(26)	(15)	**(82)**	(159)	48
Income before income taxes	**$ 1,985**	$ 1,898	5 %	**$ 3,534**	$ 3,411	4 %

[1] Includes the Company's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting.

For further analysis and explanation of each segment's results, see the "Segment Reporting" section of this MD&A.

Consolidated Results of Operations (GAAP basis)

(Dollars in millions)	Three Months Ended June 30, 2022	2021	% Change	Six Months Ended June 30, 2022	2021	% Change
Pharmacy revenues	**$ 31,972**	$ 30,047	6 %	**$ 62,669**	$ 58,072	8 %
Premiums	**10,426**	10,323	1	**20,782**	20,537	1
Fees and other revenues	**2,757**	2,451	12	**5,295**	4,792	10
Net investment income	**325**	310	5	**739**	701	5
Total revenues	**45,480**	43,131	5	**89,485**	84,102	6
Pharmacy and other service costs	**31,150**	29,001	7	**60,963**	56,236	8
Medical costs and other benefit expenses	**8,192**	8,484	(3)	**16,460**	16,489	—
Selling, general and administrative expenses	**3,256**	2,996	9	**6,555**	6,275	4
Amortization of acquired intangible assets	**501**	503	—	**959**	998	(4)
Total benefits and expenses	**43,099**	40,984	5	**84,937**	79,998	6
Income from operations	**2,381**	2,147	11	**4,548**	4,104	11
Interest expense and other	**(301)**	(298)	(1)	**(600)**	(612)	2
Debt extinguishment costs	**—**	(10)	N/M	**—**	(141)	N/M
Net realized investment gains (losses)	**(95)**	59	N/M	**(414)**	60	N/M
Income before income taxes	**1,985**	1,898	5	**3,534**	3,411	4
Total income taxes	**413**	422	(2)	**764**	764	—
Net income	**1,572**	1,476	7	**2,770**	2,647	5
Less: Net income attributable to noncontrolling interests	**13**	9	44	**28**	19	47
Shareholders' net income	**$ 1,559**	$ 1,467	6 %	**$ 2,742**	$ 2,628	4 %
Consolidated effective tax rate	**20.8 %**	22.2 %	(140) bps	**21.6 %**	22.4 %	(80) bps
Medical customers (in thousands)				**17,806**	16,921	5 %

Reconciliation of Shareholders' Net Income (GAAP) to Adjusted Income from Operations

	Dollars in Millions				Diluted Earnings Per Share			
	Three Months Ended June 30,		Six Months Ended June 30,		Three Months Ended June 30,		Six Months Ended June 30,	
	2022	2021	2022	2021	2022	2021	2022	2021
Shareholders' net income	**$ 1,559**	$ 1,467	**$ 2,742**	$ 2,628	**$ 4.90**	$ 4.25	**$ 8.57**	$ 7.54
After-tax adjustments required to reconcile to adjusted income from operations								
Net realized investment (gains) losses [1]	**16**	(70)	**371**	(57)	**0.05**	(0.20)	**1.16**	(0.16)
Amortization of acquired intangible assets	**383**	388	**739**	776	**1.20**	1.12	**2.31**	2.22
Special items								
Integration and transaction-related costs	**26**	14	**63**	36	**0.08**	0.04	**0.20**	0.10
Charge for organizational efficiency plan	**17**	—	**17**	—	**0.05**	—	**0.05**	—
Charges (benefits) associated with litigation matters	**(20)**	—	**(20)**	(21)	**(0.06)**	—	**(0.06)**	(0.06)
Debt extinguishment costs	**—**	9	**—**	110	**—**	0.03	**—**	0.32
Total special items	**23**	23	**60**	125	**0.07**	0.07	**0.19**	0.36
Adjusted income from operations	**$ 1,981**	$ 1,808	**$ 3,912**	$ 3,472	**$ 6.22**	$ 5.24	**$ 12.23**	$ 9.96

[1] Includes the Company's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting.

Recent Events

Inflation

The United States economy continues to be impacted by rising inflation. We have not experienced material impacts from inflation on our results of operations or cash flows for the three and six months ended June 30, 2022. We continue to monitor our operations, including vendor costs, health care provider costs and drug pricing for any inflationary impacts, and believe we are prepared to respond to inflationary pressures. For further information regarding risks we encounter in our business due to economic conditions including inflationary pressures, see "Risk Factors" contained in Part I, Item 1A of our 2021 Form 10-K.

Russian Invasion of Ukraine

The war in Ukraine has significantly affected individuals, economic activity and financial markets on a global scale. Cigna does not have operations or employees in Ukraine or Russia and serves a limited number of customers and clients in these countries. We have not experienced significant impacts to date on our investment portfolio, financial position, or results of operations. For a more complete discussion of the risks we encounter in our business, see "Risk Factors" contained in Part I, Item 1A of our 2021 Form 10-K.

COVID-19

Cigna's commitment to the health, well-being and peace of mind of our employees and the people we serve remains our focus as the pandemic environment evolves. We continue to leverage our resources, expertise, data and actionable intelligence to assist customers, clients and care providers throughout this time.

The situation surrounding COVID-19 remains fluid with continued uncertainty and a wide range of potential outcomes. We continue to actively manage our response and assess impacts to our financial position and operating results, as well as mitigate adverse developments in our business. For further information regarding the potential impact of COVID-19 on the Company, see "Risk Factors" contained in Part I, Item 1A of our 2021 Form 10-K.

Commentary: Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

The commentary presented below, and in the segment discussions that follow, compare results for the three and six months ended June 30, 2022 with results for the three and six months ended June 30, 2021.

Shareholders' net income increased, reflecting strong growth in adjusted income from operations (as discussed below) and, for the six month period, the absence in 2022 of debt extinguishment costs incurred in 2021. These favorable effects were partially offset by higher realized investment losses primarily due to unfavorable mark-to-market adjustments on investments in 2022.

Adjusted income from operations increased, primarily due to improved results in Cigna Healthcare, primarily reflecting lower medical care ratios and increased specialty contributions, and in Evernorth, primarily reflecting continued contract affordability improvements and business growth.

Medical customers increased, reflecting growth in our Middle Market, Select and International Health market segments. See "Cigna Healthcare segment" section of this MD&A for discussion of an update to the definitions of U.S. Commercial's market segments.

Pharmacy revenues increased, reflecting higher specialty claims volume due in part to Evernorth's collaboration with Prime Therapeutics, as well as increased prices, primarily due to inflation on branded drugs. See the "Evernorth segment" section of this MD&A for further discussion.

Premiums were higher, reflecting increased specialty contributions and higher premium rates due to anticipated underlying medical cost trend, partially offset by the disposition of the Medicaid business. See "Cigna Healthcare segment" section of this MD&A for further discussion.

Fees and other revenues increased, primarily reflecting customer growth from our Pharmacy Rebate Program services. See "Evernorth segment" section of this MD&A for further discussion.

Net investment income increased primarily due to strong returns on our partnership investments. See the "Investment Assets" section of this MD&A for further discussion.

Pharmacy and other service costs increased, reflecting higher specialty claims volume due in part to Evernorth's collaboration with Prime Therapeutics, as well as increased prices, primarily due to inflation on branded drugs.

Medical costs and other benefit expenses decreased for the three and six months ended June 30, 2022, reflecting reduced customers in our U.S. Government business, primarily resulting from the disposition of the Medicaid business. Decreases also reflect lower direct COVID-19 costs and are partially offset by medical cost trend. See "Cigna Healthcare segment" section of this MD&A for further discussion.

Selling, general and administrative expenses increased for the three months ended June 30, 2022, compared with the same period last year, primarily due to the absence of favorable litigation developments recorded in the second quarter of 2021 and, to a lesser extent, an increase in expenses associated with business growth. For the six months ended June 30, 2022, the increase was primarily driven by expenses associated with business growth.

Interest expense and other was essentially flat.

Debt extinguishment costs declined as no debt was retired early in the first six months of 2022.

Realized investment results were lower, primarily due to unfavorable mark-to-market adjustments on investments in 2022. See Note 11 to the Consolidated Financial Statements for further discussion.

The effective tax rate decreased, driven by favorable results relative to our foreign operations and for the six months ended June 30, 2022 the favorable impact of the remeasurement of deferred taxes, partially offset by the absence of the favorable impact of non-recurring items recorded in 2021.

Developments

Kaiser Permanente

In April 2022, we entered into a five-year agreement with Kaiser Permanente aimed at delivering increased convenience, affordability and expanded access to high-quality care for Kaiser Permanente members. Initially, the agreement will focus on providing Kaiser Permanente and its members access to:

- Cigna's Preferred Provider Organization ("PPO") provider network for Kaiser Permanente members who need urgent or emergency care and are traveling outside of Kaiser Permanente's service areas, and
- specialty pharmacy services through Evernorth's Accredo specialty pharmacy and Evernorth's CuraScript SD.

The agreement has the potential to extend in additional areas.

Organizational Efficiency Plan

As discussed in Note 15 to the Consolidated Financial Statements, during the fourth quarter of 2021, the Company approved a strategic plan to drive operational efficiencies. We believe this plan, coupled with the divestiture of the international life, accident and supplemental health benefits businesses (described below), will further leverage the Company's ongoing growth to drive operational efficiency through enhancements to organizational structure and increased use of automation and shared services. In connection with these plans, Cigna updated its reporting segments to align with the new business reporting structure and recognized a charge in the fourth quarter of 2021 in the amount of $168 million, pre-tax ($119 million, after-tax).

As previously anticipated, during the second quarter of 2022, the Company updated its strategic plan, primarily for severance costs, and recognized a charge in the amount of $22 million, pre-tax ($17 million, after-tax).

As a result of our Organizational Efficiency Plan, we expect to realize annualized after-tax savings of $184 million. A substantial amount of the savings is expected to be realized in 2022. See Note 15 to the Consolidated Financial Statements for further information regarding our organizational efficiency charge.

Sale of International Life, Accident and Supplemental Benefits Businesses in Six Countries

On July 1, 2022, we completed the sale of our life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb INA Holdings, Inc. ("Chubb") for approximately $5.4 billion in cash (the "Chubb Transaction"); as previously agreed, we excluded our interest in a joint venture in Türkiye from the Chubb Transaction. We aggregated and classified the assets and liabilities of these businesses as held for sale in our Consolidated Balance

Sheets as of June 30, 2022 and December 31, 2021. See Note 5 to the Consolidated Financial Statements for further information on the classification of these businesses as held for sale. The "Liquidity and Capital Resources" section of this MD&A provides further information on the impact of this transaction to liquidity. See "Other Operations" section of this MD&A for further information on the results of these businesses.

Purchase of MDLIVE

As discussed in Note 4 to the Consolidated Financial Statements, on April 19, 2021, Cigna's Evernorth segment completed the acquisition of MDLIVE, Inc. ("MDLIVE"), a 24/7 virtual care platform (the "MDLIVE Acquisition") for $2.0 billion cash consideration. The acquisition of MDLIVE enables Evernorth to continue expanding access to virtual care and delivering a more affordable, convenient and connected care experience for consumers.

Medicare Star Quality Ratings ("Star Ratings")

The Centers for Medicare & Medicaid Services ("CMS") uses a Star Rating system to measure how well Medicare Advantage ("MA") plans perform, scoring how well plans perform in several categories, including quality of care and customer service. Star Ratings range from one to five stars. CMS recognizes plans with Star Ratings of four stars or greater with quality bonus payments and the ability to offer enhanced benefits. Approximately 87% of our MA customers were in four star or greater plans for bonus payments received in 2021 and approximately 89% were in four star or greater plans for bonus payments to be received in 2022; we expect this percentage to decrease to 85% for bonus payments to be received in 2023 based upon the mix of new and existing MA plans.

Medicare Advantage Rates

On April 4, 2022, CMS released the final Calendar Year 2023 Medicare Advantage Capitation Rates and Part C and Part D Payment Policies (the "2023 Final Notice"). While the 2023 Final Notice rates are modestly higher than the advance notice rates (previously released on February 2, 2022), we do not expect the final rates to have a material impact on our consolidated results of operations in 2023.

LIQUIDITY AND CAPITAL RESOURCES

Liquidity

We maintain liquidity at two levels: the subsidiary level and the parent company level.

Cash requirements at the subsidiary level generally consist of:

- pharmacy, medical costs and other benefit payments;
- expense requirements, primarily for employee compensation and benefits, information technology and facilities costs;
- income taxes; and
- debt service.

Our subsidiaries normally meet their liquidity requirements by:

- maintaining appropriate levels of cash, cash equivalents and short-term investments;
- using cash flows from operating activities;
- matching investment durations to those estimated for the related insurance and contractholder liabilities;
- selling investments; and
- borrowing from affiliates, subject to applicable regulatory limits.

Cash requirements at the parent company level generally consist of:

- debt service;
- payment of declared dividends to shareholders;
- lending to subsidiaries as needed; and
- pension plan funding.

The parent company normally meets its liquidity requirements by:

- maintaining appropriate levels of cash and various types of marketable investments;
- collecting dividends from its subsidiaries;
- using proceeds from issuing debt and common stock; and
- borrowing from its subsidiaries, subject to applicable regulatory limits.

Dividends from our insurance, Health Maintenance Organization ("HMO") and certain foreign subsidiaries are subject to regulatory restrictions. See Note 20 to the Consolidated Financial Statements in our 2021 Form 10-K for additional information regarding these restrictions. Most of the Evernorth segment operations are not subject to regulatory restrictions regarding dividends and therefore provide significant financial flexibility to Cigna.

Cash flows for the six months ended June 30 were as follows:

	Six Months Ended June 30,	
(In millions)	**2022**	**2021**
Operating activities	**$ 3,274**	$ 797
Investing activities	**$ (732)**	$ (3,024)
Financing activities	**$ (3,087)**	$ (4,113)

The following discussion explains variances in the various categories of cash flows for the six months ended June 30, 2022 compared with the same period in 2021.

Operating activities

Cash flows from operating activities consist principally of cash receipts and disbursements for pharmacy revenues and costs, premiums, fees, investment income, taxes, benefit costs and other expenses.

As a result of the receipt of the delayed 2021 CMS Part D settlement, lower income tax payments and timing of payments in accounts payable and accrued liabilities in 2022 compared to 2021, cash provided by operating activities increased.

Investing and Financing activities

The Company acquired MDLIVE and had higher net purchases of investments in 2021. These activities resulted in lower cash used in investing activities in 2022.

The Company repurchased less stock and repaid less debt, which resulted in a reduction in cash used in financing activities in 2022.

Capital Resources

Our capital resources consist primarily of cash, cash equivalents and investments maintained at regulated subsidiaries required to underwrite insurance risks, cash flows from operating activities, our commercial paper program, credit agreements and the issuance of long-term debt and equity securities. Our businesses generate significant cash flow from operations, some of which is subject to regulatory restrictions relative to the amount and timing of dividend payments to the parent company. Dividends from U.S. regulated subsidiaries were $1.0 billion for the six months ended June 30, 2022 and $1.3 billion for the six months ended June 30, 2021. Non-regulated subsidiaries also generate significant cash flow from operating activities, which is typically available immediately to the parent company for general corporate purposes.

We prioritize our use of capital resources to:

- invest in capital expenditures, primarily related to technology to support innovative solutions for our customers, provide the capital necessary to maintain or improve the financial strength ratings of subsidiaries and to repay debt and fund pension obligations if necessary;
- pay dividends to shareholders;
- consider acquisitions that are strategically and economically advantageous; and
- return capital to shareholders through share repurchases.

Funds Available

Commercial Paper Program. Cigna maintains a commercial paper program and may issue short-term, unsecured commercial paper notes privately placed on a discount basis through certain broker-dealers at any time not to exceed an aggregate amount of $5.0 billion. The net proceeds of issuances have been and are expected to be used for general corporate purposes.

Revolving Credit Agreements. Our revolving credit agreements provide us with the ability to borrow amounts for general corporate purposes, including for the purpose of providing liquidity support if necessary under our commercial paper program discussed above.

As of June 30, 2022, Cigna's revolving credit agreements include: a $3.0 billion five-year revolving credit and letter of credit agreement that expires in April 2027; a $1.0 billion three-year revolving credit agreement that expires in April 2025; and a $1.0 billion 364-day revolving credit agreement that expires in April 2023.

As of June 30, 2022, we had $5.0 billion of undrawn committed capacity under our revolving credit agreements (these amounts are available for general corporate purposes, including providing liquidity support for our commercial paper program), $3.2 billion of remaining capacity under our commercial paper program and $4.6 billion in cash and short-term investments, approximately $0.7 billion of which was held by the parent company or certain non-regulated subsidiaries.

See Note 7 to the Consolidated Financial Statements for further information on our credit agreements and commercial paper program.

Our debt-to-capitalization ratio was 42.1% at June 30, 2022 and 41.7% at December 31, 2021.

We actively monitor our debt obligations and engage in issuance or redemption activities as needed in accordance with our capital management strategy.

Subsidiary Borrowings. In addition to the sources of liquidity discussed above, the parent company can borrow an additional $2.5 billion from its subsidiaries without further approvals as of June 30, 2022.

Use of Capital Resources

Capital Expenditures. Capital expenditures for property, equipment and computer software were $612 million in the six months ended June 30, 2022 compared to $500 million in the six months ended June 30, 2021. We expect to continue to invest in technology that we believe will drive future growth. Anticipated capital expenditures will be funded primarily from operating cash flow.

Dividends. During the first six months of 2022, Cigna declared and paid quarterly cash dividends of $1.12 per share of Cigna common stock. See Note 8 to the Consolidated Financial Statements for further information on our dividend payments. On July 27, 2022, the

Board of Directors declared the third quarter cash dividend of $1.12 per share of Cigna common stock to be paid on September 22, 2022 to shareholders of record on September 7, 2022. Cigna currently intends to pay regular quarterly dividends, with future declarations subject to approval by its Board of Directors and the Board's determination that the declaration of dividends remains in the best interests of Cigna and its shareholders. The decision of whether to pay future dividends and the amount of any such dividends will be based on the Company's financial position, results of operations, cash flows, capital requirements, the requirements of applicable law and any other factors the Board of Directors may deem relevant.

Share repurchases. We maintain a share repurchase program authorized by our Board of Directors, under which we may repurchase shares of our common stock from time to time. The timing and actual number of shares repurchased will depend on a variety of factors including price, general business and market conditions and alternate uses of capital. The share repurchase program may be effected through open market purchases in compliance with Rule 10b-18 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), including through Rule 10b5-1 trading plans or privately negotiated transactions. The program may be suspended or discontinued at any time. In February 2022, the Board increased repurchase authority by an additional $6.0 billion.

We repurchased 9.7 million shares for approximately $2.3 billion during the six months ended June 30, 2022, compared to 16.3 million shares for approximately $3.7 billion during the six months ended June 30, 2021. From July 1, 2022 through August 3, 2022, we repurchased 10.4 million shares through the initial delivery under the accelerated share repurchase agreements ("ASR agreements") discussed below. Share repurchase authority was $5.3 billion as of August 3, 2022.

On June 15, 2022, as part of our existing share repurchase program, we entered into separate ASR agreements with Mizuho Markets Americas LLC and Morgan Stanley & Co. LLC (collectively, the "Counterparties") to repurchase $3.5 billion of common stock in aggregate. In July 2022, in accordance with the ASR agreements we remitted $3.5 billion to the Counterparties and received an initial delivery of 10.4 million shares of our common stock. We expect final settlement under the ASR agreements to occur in the fourth quarter of 2022. See Note 8 to the Consolidated Financial Statements for further information on our ASR agreements.

Strategic investments. In 2022, we committed an additional $450 million (which in aggregate represents a $700 million commitment) to Cigna Ventures, our strategic corporate venture fund. Cigna Ventures will use this funding to drive continuous health care transformation, innovation and growth.

Sale of international life, accident and supplemental benefits businesses in six countries. On July 1, 2022, we completed the sale of our life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb for approximately $5.4 billion in cash. Cigna estimates it will receive approximately $5.1 billion of net after-tax proceeds from this transaction and expects to utilize the after-tax proceeds primarily for share repurchases, with $3.5 billion used to fund the purchases of our common stock pursuant to the ASR agreements (as described above).

Risks to our liquidity and capital resources outlook include cash projections that may not be realized and the demand for funds could exceed available cash if our ongoing businesses experience unexpected shortfalls in earnings or we experience material adverse effects from one or more risks or uncertainties described more fully in the "Risk Factors" section of our 2021 Form 10-K. Though we believe we have adequate sources of liquidity, significant disruption or volatility in the capital and credit markets could affect our ability to access those markets for additional borrowings or increase costs.

Supply Chain Financing Program

We facilitate a voluntary supply chain finance program (the "program") that provides suppliers the opportunity to sell their receivables due from us (i.e., our payment obligations to the suppliers) to a financial institution, on a non-recourse basis in order to be paid earlier than our payment terms provide. Cigna is not a party to the program and agrees to commercial terms with its suppliers independently of their participation in the program. A supplier's participation in the program has no impact on our payment terms and Cigna has no economic interest in a supplier’s decision to participate in the program. The suppliers, at their sole discretion, determine which invoices, if any, to sell to the financial institution. No guarantees are provided by Cigna or any of our subsidiaries under the program. We have been informed by the financial institution that $133 million as of June 30, 2022 and $331 million as of December 31, 2021 of our outstanding payment obligations were voluntarily elected by suppliers to be sold to the financial institution under the program. These amounts are reflected in Accounts payable in Cigna's Consolidated Balance Sheets.

Guarantees and Contractual Obligations

We are contingently liable for various contractual obligations and financial and other guarantees entered into in the ordinary course of business. See Note 18 to the Consolidated Financial Statements for discussion of various guarantees. During the six months ended June 30, 2022, there was no material change to the contractual obligations reported in our 2021 Form 10-K.

CRITICAL ACCOUNTING ESTIMATES

The preparation of Consolidated Financial Statements in accordance with GAAP requires management to make estimates and assumptions that affect reported amounts and related disclosures in the Consolidated Financial Statements. Management considers an accounting estimate to be critical if:

- it requires assumptions to be made that were uncertain at the time the estimate was made; and
- changes in the estimate or different estimates that could have been selected could have a material effect on our consolidated results of operations or financial condition.

Management has discussed how critical accounting estimates are developed and selected with the Audit Committee of our Board of Directors and the Audit Committee has reviewed the disclosures presented in our 2021 Form 10-K. We regularly evaluate items that may impact critical accounting estimates.

Our most critical accounting estimates, as well as the effect of hypothetical changes in material assumptions used to develop each estimate, are described in the 2021 Form 10-K. As of June 30, 2022, there were no significant changes to the critical accounting estimates from what was reported in our 2021 Form 10-K.

SEGMENT REPORTING

The following section of this MD&A discusses the results of each of our segments.

On July 1, 2022, we completed the sale of our life, accident and supplemental benefits businesses in six countries (Hong Kong, Indonesia, New Zealand, South Korea, Taiwan and Thailand) to Chubb for approximately $5.4 billion in cash. During the fourth quarter of 2021, in connection with the Chubb Transaction, we revised our business reporting structure and adjusted our segment reporting accordingly. Segment results for the three and six months ended June 30, 2021 have been restated to conform to the new segment presentation.

See Note 1 to the Consolidated Financial Statements for further description of our segments.

In segment discussions, we present "adjusted revenues" and "pre-tax adjusted income (loss) from operations," defined as income (loss) before income taxes excluding pre-tax income/loss attributable to noncontrolling interests, net realized investment results, amortization of acquired intangible assets and special items. Cigna's share of certain realized investment results of its joint ventures reported in the Cigna Healthcare segment using the equity method of accounting are also excluded. Special items are matters that management believes are not representative of the underlying results of operations due to their nature or size. Ratios presented in this segment discussion exclude the same items as adjusted revenues and pre-tax adjusted income (loss) from operations. See Note 19 to the Consolidated Financial Statements for additional discussion of these metrics and a reconciliation of Income before income taxes to pre-tax adjusted income from operations, as well as a reconciliation of Total Revenues to adjusted revenues. Note 19 to the Consolidated Financial Statements also explains that segment revenues include both external revenues and sales between segments that are eliminated in Corporate.

In these segment discussions, we also present "pre-tax adjusted margin," defined as pre-tax adjusted income (loss) from operations divided by adjusted revenues.

Evernorth Segment

Evernorth includes a broad range of coordinated and point solution health services and capabilities, as well as those from partners across the health care system, in pharmacy benefits services, specialty pharmacy and care services. As described in the introduction to Segment Reporting, Evernorth's performance is measured using adjusted revenues and pre-tax adjusted income (loss) from operations.

The key factors that impact Evernorth's Pharmacy revenues and Pharmacy and other service costs are volume, mix of claims and price. These key factors are discussed further below. See Note 2 to the Consolidated Financial Statements included in our 2021 Form 10-K for additional information on revenue and cost recognition policies for this segment.

- As our clients' claim volumes increase or decrease, our resulting revenues and cost of revenues correspondingly increase or decrease. Our gross profit, defined as Total Revenues less Pharmacy and other service costs, could also increase or decrease as a result of changes in purchasing discounts.
- The mix of claims generally considers the type of drug and distribution method used for dispensing and fulfilling. Types of drugs can have an impact on our pharmacy revenues, pharmacy and other service costs and gross profit, including amounts

payable under certain financial and performance guarantees with our clients. In addition to the types of drugs, the mix of generic claims (i.e., generic fill rate) also impacts our gross profit. Generally, higher generic fill rates reduce revenues, as generic drugs are typically priced lower than the branded drugs they replace. However, as ingredient cost paid to pharmacies on generic drugs is incrementally lower than the price charged to our clients, higher generic fill rates generally have a favorable impact on our gross profit. The home delivery generic fill rate is currently lower than the network generic fill rate as fewer generic substitutions are available among maintenance medications (such as therapies for chronic conditions) commonly dispensed from home delivery pharmacies as compared to acute medications that are primarily dispensed by pharmacies in our retail networks. Furthermore, our gross profit differs among network, home delivery and specialty distribution methods and can impact our profitability.

- Our client contract pricing is impacted by our ongoing ability to negotiate favorable contracts for pharmacy network, pharmaceutical and wholesaler purchasing and manufacturer rebates. As we seek to improve the effectiveness of our integrated solutions for the benefit of our clients, we are continuously innovating and improving affordability. Our gross profit could also increase or decrease as a result of drug purchasing contract initiatives implemented. Inflation also impacts our pricing because most of our contracts provide that we bill clients and pay pharmacies based on a generally recognized price index for pharmaceuticals. Therefore, the rate of inflation for prescription drugs and our efforts to manage this inflation for our clients continues to be a significant driver of our revenues and cost of revenues in the current environment.

In this MD&A, we present revenues and gross profit, as well as adjusted revenues and adjusted gross profit, consistent with our segment reporting metrics, which exclude special items.

Results of Operations

Financial Summary	**Three Months Ended June 30,**			**Six Months Ended June 30,**		
(Dollars in millions)	**2022**	**2021**	**Change Favorable (Unfavorable)**	**2022**	**2021**	**Change Favorable (Unfavorable)**
Total revenues	**$ 34,863**	$ 32,592	7 %	**$ 68,449**	$ 63,212	8 %
Adjusted revenues [1]	**$ 34,863**	$ 32,592	7 %	**$ 68,449**	$ 63,212	8 %
Gross profit	**$ 2,151**	$ 2,075	4 %	**$ 4,162**	$ 3,918	6 %
Adjusted gross profit [1]	**$ 2,151**	$ 2,075	4 %	**$ 4,162**	$ 3,918	6 %
Pre-tax adjusted income from operations	**$ 1,475**	$ 1,413	4 %	**$ 2,777**	$ 2,636	5 %
Pre-tax adjusted margin	**4.2 %**	4.3 %	(10) bps	**4.1 %**	4.2 %	(10) bps
Adjusted expense ratio [2]	**1.9 %**	2.0 %	(10) bps	**2.0 %**	2.0 %	— bps

(Dollars and adjusted scripts in millions)	**Three Months Ended June 30,**		**Change Favorable (Unfavorable)**	**Six Months Ended June 30,**		**Change Favorable (Unfavorable)**
	2022	**2021**		**2022**	**2021**	
Selected Financial Information						
Pharmacy revenue by distribution channel						
Adjusted network revenues [1]	**$ 16,107**	$ 16,166	— %	**$ 31,638**	$ 31,304	1 %
Adjusted home delivery and specialty revenues [1]	**15,268**	13,341	14	**29,967**	26,115	15
Other pharmacy revenues	**1,667**	1,619	3	**3,379**	3,007	12
Total adjusted pharmacy revenues [1]	**$ 33,042**	$ 31,126	6 %	**$ 64,984**	$ 60,426	8 %
Adjusted fees and other revenues [1]	**1,805**	1,461	24	**3,439**	2,778	24
Net investment income	**16**	5	220	**26**	8	225
Adjusted revenues [1]	**$ 34,863**	$ 32,592	7 %	**$ 68,449**	$ 63,212	8 %
Pharmacy script volume [3]						
Adjusted network scripts	**323**	339	(5) %	**638**	662	(4) %
Adjusted home delivery and specialty scripts	**69**	71	(3)	**139**	141	(1)
Total adjusted scripts	**392**	410	(4) %	**777**	803	(3) %
Generic fill rate [4]						
Network	**87.6 %**	85.3 %	230 bps	**87.4 %**	86.3 %	110 bps
Home delivery	**85.8 %**	85.7 %	10 bps	**85.6 %**	85.8 %	(20) bps
Overall generic fill rate	**87.5 %**	85.4 %	210 bps	**87.2 %**	86.2 %	100 bps

[1] Total revenues and gross profit were equal to adjusted revenues and adjusted gross profit as there were no special items in the periods presented.
[2] Adjusted expense ratio is calculated as selling, general and administrative expenses as a percentage of adjusted revenues.
[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.
[4] Generic fill rate is defined as the total number of generic scripts divided by the total overall scripts filled.

Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

Adjusted network revenues increased for the six months ended June 30, 2022, reflecting increased prices due to inflation on branded drugs; partially offset by lower claims volume and a slight change in claims mix due to an increase in the generic fill rate. Adjusted network revenues decreased for the three months ended, reflecting lower claims volume and a slight change in claims mix due to an increase in the generic fill rate; partially offset by increased prices due to inflation on branded drugs.

Adjusted home delivery and specialty revenues increased, reflecting higher specialty claims volume due in part to our collaboration with Prime Therapeutics, as well as increased prices, primarily due to inflation on branded drugs. These increases were partially offset by slightly lower home delivery claims volume.

Other pharmacy revenues increased, reflecting higher volume from our CuraScript SD business.

Adjusted fees and other revenues increased, reflecting customer growth from our Pharmacy Rebate Program services and the acquisition and subsequent growth of the MDLIVE business.

Adjusted gross profit and ***pre-tax adjusted income from operations*** increased, reflecting continued contract affordability improvements and business growth. The increase was partially offset by strategic investments in expanding our services portfolio and digital capabilities as well as lower volume in our network and home delivery businesses. Pre-tax adjusted income from operations also increased due to expense favorability.

The ***adjusted expense ratio*** was flat, reflecting higher revenues as well as increased strategic investments in expanding our services portfolio and digital capabilities.

Cigna Healthcare Segment

Cigna Healthcare includes Cigna's U.S. Commercial, U.S. Government and International Health businesses, which provide comprehensive medical and coordinated solutions to clients and customers to support whole-person health needs. U.S. Commercial products and services include medical, pharmacy, behavioral health, dental, vision, health advocacy programs and other products and services for insured and self-insured customers. U.S. Government solutions include Medicare Advantage, Medicare Supplement and Medicare Part D plans for seniors and individual health insurance plans both on and off the public exchanges. International Health solutions include health care coverage in our international markets, as well as health care benefits for globally mobile individuals and employees of multinational organizations. As described in the introduction to Segment Reporting, performance of the Cigna Healthcare segment is measured using adjusted revenues and pre-tax adjusted income from operations. Key factors affecting results for this segment include:

- customer growth;
- revenue growth;
- percentage of Medicare Advantage customers in plans eligible for quality bonus payments;
- medical costs as a percentage of premiums (medical care ratio or "MCR") for our insured businesses; and
- selling, general and administrative expenses as a percentage of adjusted revenues (adjusted expense ratio).

Results of Operations

Financial Summary *(Dollars in millions)*	**Three Months Ended June 30,**		**Change Favorable (Unfavorable)**	**Six Months Ended June 30,**		**Change Favorable (Unfavorable)**
	2022	**2021**		**2022**	**2021**	
Adjusted revenues	**$ 11,337**	$ 11,149	2 %	**$ 22,729**	$ 22,216	2 %
Pre-tax adjusted income from operations	**$ 1,240**	$ 1,049	18 %	**$ 2,519**	$ 2,091	20 %
Pre-tax adjusted margin	**10.9 %**	9.4 %	150 bps	**11.1 %**	9.4 %	170 bps
Medical care ratio	**80.7 %**	84.4 %	370 bps	**81.1 %**	82.7 %	160 bps
Adjusted expense ratio	**20.6 %**	18.9 %	(170) bps	**20.6 %**	20.6 %	— bps

Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

Adjusted revenues increased for the three months and six months ended June 30, 2022, reflecting increases in U.S. Commercial partially offset by decreases in U.S. Government. The increases in U.S. Commercial adjusted revenues reflects increased specialty contributions, higher premium rates due to anticipated underlying medical cost trend as well as customer growth. The decreases in U.S. Government adjusted revenues reflects the disposition of the Medicaid business.

Pre-tax adjusted income from operations increased for the three months and six months ended June 30, 2022, reflecting increased contributions from U.S. Commercial, U.S. Government and International Health. These increases were primarily due to lower medical care ratios and increased specialty contributions in U.S. Commercial; partially offset by the absence of favorable non-recurring items recorded in 2021.

The ***medical care ratio*** decreased for the three months and six months ended June 30, 2022, primarily due to medical costs that have moderated since 2021, including lower direct COVID-19 costs and effective execution in pricing and affordability initiatives, in U.S. Commercial as well as improved Medicare Advantage risk adjustment revenues. The decrease for the six months ended June 30, 2022 was partially offset by U.S. Government risk adjustment updates related to prior years that were recognized in the first quarter of 2022.

The ***adjusted expense ratio*** increased for the three months ended June 30, 2022, primarily reflecting the absence of favorable litigation developments recorded in 2021. The adjusted expense ratio was flat for the six months ended June 30, 2022.

Medical Customers

A medical customer is defined as a person meeting any one of the following criteria:

- is covered under a medical insurance policy, managed care arrangement or service agreement issued by us;
- has access to our provider network for covered services under their medical plan; or
- has medical claims that are administered by us.

Effective in the second quarter of 2022, the Company updated its U.S. Commercial market segments as follows: the National segment comprises employers with 3,000 or more eligible employees, and the Middle Market segment comprises employers with 500 to 2,999 eligible employees, Taft-Hartley plans, and other groups. Previously, the National segment comprised multi-state employers with 5,000 or more eligible employees and the Middle Market segment comprised employers with 500 to 4,999 eligible employees, single-site employers with more than 5,000 employees, Taft-Hartley plans and other groups. There have been no updates to the Select (employers generally with 51 to 499 eligible employees) or Small Group (employers generally with 2 to 50 eligible employees) market segments.

	As of June 30,		
(In thousands)	**2022**	**2021**	**% Change**
Cigna Healthcare Medical Customers			
Insured	**4,705**	4,664	1 %
U.S. Commercial	**2,187**	2,128	3 %
U.S. Government	**1,374**	1,484	(7) %
International Health [(1)]	**1,144**	1,052	9 %
Services only	**13,101**	12,257	7 %
U.S. Commercial	**12,465**	11,632	7 %
U.S. Government	**5**	—	N/M %
International Health [(1)]	**631**	625	1 %
Total	**17,806**	16,921	5 %

[(1)] International Health excludes medical customers served by less than 100% owned subsidiaries and customers that are part of the businesses sold pursuant to the Chubb Transaction.

Our medical customer base increased at June 30, 2022, reflecting growth in our Middle Market, Select and International Health market segments; partially offset by the disposition of the Medicaid business.

Unpaid Claims and Claim Expenses

(In millions)	**As of June 30, 2022**	**As of December 31, 2021**	**% Change**
Unpaid claims and claim expenses – Cigna Healthcare	**$ 4,490**	$ 4,261	5 %

Our unpaid claims and claim expenses liability was higher as of June 30, 2022, primarily due to stop loss seasonality; partially offset by Medicare Part D invoice cycle timing and the disposition of the Medicaid business.

Other Operations

Other Operations includes the International businesses sold to Chubb on July 1, 2022, Corporate Owned Life Insurance ("COLI"), our interest in a joint venture in Türkiye and the Company's run-off operations. As described in the introduction of Segment Reporting, performance of Other Operations is measured using adjusted revenues and pre-tax adjusted income from operations.

Results of Operations

Financial Summary	Three Months Ended June 30,		Change Favorable (Unfavorable)	Six Months Ended June 30,		Change Favorable (Unfavorable)
(Dollars in millions)	2022	2021		2022	2021	
Adjusted revenues	**$ 948**	$ 990	(4) %	**$ 1,927**	$ 1,995	(3) %
Pre-tax adjusted income from operations	**$ 233**	$ 215	8 %	**$ 459**	$ 446	3 %
Pre-tax adjusted margin	**24.6 %**	21.7 %	290 bps	**23.8 %**	22.4 %	140 bps

Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

Adjusted revenues decreased primarily due to unfavorable foreign currency movements, largely offset by business growth and higher net investment income in the International businesses.

Pre-tax adjusted income from operations increased primarily due to higher earnings in the Run-off businesses and COLI.

Other Items Related to International Businesses Sold to Chubb

For the three months ended June 30, 2022, 84% of Other Operations' adjusted revenues and 85% of its pre-tax adjusted income from operations was associated with International businesses sold to Chubb on July 1, 2022. For the six months ended June 30, 2022, 84% of Other Operations' adjusted revenues and 88% of its pre-tax adjusted income from operations was associated with sold International businesses; as a result of the sale, Other Operations' adjusted revenues and pre-tax adjusted income from operations will decrease in future periods.

Corporate

Corporate reflects amounts not allocated to operating segments, including net interest expense (defined as interest on corporate debt less net investment income on investments not supporting segment and other operations), certain litigation matters, expense associated with our frozen pension plans, charitable contributions, severance, certain overhead and enterprise-wide project costs and intersegment eliminations for products and services sold between segments.

Financial Summary	Three Months Ended June 30,		Change Favorable (Unfavorable)	Six Months Ended June 30,		Change Favorable (Unfavorable)
(In millions)	2022	2021		2022	2021	
Pre-tax adjusted loss from operations	**$ (401)**	$ (344)	(17) %	**$ (744)**	$ (698)	(7) %

Three and Six Months Ended June 30, 2022 versus Three and Six Months Ended June 30, 2021

Pre-tax adjusted loss from operations increased, reflecting an increase in operating expenses for enterprise-wide initiatives.

INVESTMENT ASSETS

The following table presents our investment asset portfolio excluding separate account assets as of June 30, 2022 and December 31, 2021. Additional information regarding our investment assets is included in Notes 11, 12, 13 and 14 to the Consolidated Financial Statements.

(In millions)		**June 30, 2022**		**December 31, 2021**
Debt securities	**$**	**13,950**	$	16,958
Equity securities		**836**		603
Commercial mortgage loans		**1,579**		1,566
Policy loans		**1,325**		1,338
Other long-term investments		**4,107**		3,574
Short-term investments		**199**		428
Total		**21,996**		24,467
Investments classified as assets of businesses held for sale [(1)]		**(4,518)**		(5,109)
Investments per Consolidated Balance Sheets	**$**	**17,478**	$	19,358

[(1)] Investments related to the international life, accident and supplemental benefits businesses that are held for sale. See Note 5 to the Consolidated Financial Statements for additional information.

Investment Outlook

We continue to actively monitor current economic conditions driven by the pace of the pandemic recovery, recent geopolitical events and fiscal and monetary policy responses (including the resulting supply chain and labor market dynamics), and the portfolio impact of recent higher levels of both interest rates and inflation. Future realized and unrealized investment results will be driven largely by market conditions and these future conditions are not reasonably predictable. We believe that the vast majority of our investments will continue to perform under their contractual terms. Based on our strategy to match the duration of invested assets to the duration of insurance and contractholder liabilities, we expect to hold a significant portion of these assets for the long-term. The below discussion addresses the strategies and risks associated with our various classes of investment assets. Although future declines in investment fair values resulting from interest rate movements and credit deterioration due to both investment-specific and the global economic uncertainties in the following discussion remain possible, we do not expect these losses to have a material adverse effect on our financial condition or liquidity.

Debt Securities

Investments in debt securities include publicly-traded and privately-placed bonds, mortgage and other asset-backed securities and preferred stocks redeemable by the investor. These investments are classified as available for sale and are carried at fair value on our balance sheet. Additional information regarding valuation methodologies, key inputs and controls is included in Note 12 to the Consolidated Financial Statements. More detailed information about debt securities by type of issuer and maturity dates is included in Note 11 to the Consolidated Financial Statements.

The following table reflects our portfolio of debt securities by type of issuer as of June 30, 2022 and December 31, 2021:

(In millions)		**June 30, 2022**		**December 31, 2021**
Federal government and agency	**$**	**353**	$	387
State and local government		**145**		171
Foreign government		**2,331**		2,616
Corporate		**10,754**		13,266
Mortgage and other asset-backed		**367**		518
Total	**$**	**13,950**	$	16,958

Our debt securities portfolio decreased during the six months ended June 30, 2022, reflecting a decrease in valuations driven by a significant rise in treasury rates and credit spreads, and net sales activity.
As of June 30, 2022, $12.0 billion, or 86% of the debt securities in our investment portfolio were investment grade (Baa and above, or equivalent) and the remaining $1.9 billion were below investment grade. The majority of the bonds that are below investment grade are rated at the higher end of the non-investment grade spectrum. These quality characteristics have not materially changed since the prior year and remain consistent with our investment strategy.

Debt securities include private placement assets of $4.3 billion. These investments are generally less marketable than publicly-traded bonds; however, yields on these investments tend to be higher than yields on publicly-traded bonds with comparable credit risk. We perform a credit analysis of each issuer and require financial and other covenants that allow us to monitor issuers for deteriorating financial strength and pursue remedial actions, if warranted.

Investments in debt securities are diversified by issuer, geography and industry. On an aggregate basis, the debt securities portfolio continues to perform according to original investment expectations. Elevated global inflation rates experienced during 2022, as well as continuing supply chain disruptions have displaced the ongoing impacts of the COVID-19 pandemic as the primary risks that many of the issuers in our portfolio are facing. To date, most issuers have been successful in managing the cost escalation and product shortages without undue margin pressure. We continue to monitor the economic environment and its effect on our portfolio and consider the impact of various factors in determining the allowance for credit losses on debt securities, which is discussed in Note 11 to the Consolidated Financial Statements.

Foreign government obligations are concentrated in Asia, primarily South Korea and Taiwan, consistent with our risk management practice and local regulatory requirements of our international business operations. We expect the amount of these foreign government obligations to decrease significantly upon the close of our sale of certain international businesses during the third quarter of 2022 as discussed in Note 5 to the Consolidated Financial Statements.

Commercial Mortgage Loans

As of June 30, 2022, the $1.6 billion commercial mortgage loan portfolio consisted of approximately 50 fixed rate loans, diversified by property type, location and borrower. Given the quality and diversity of the underlying real estate, positive debt service coverage and significant borrower cash invested in the property generally ranging between 30 and 40%, we remain confident that the vast majority of borrowers will continue to perform as expected under their contract terms. For further discussion of the results and changes in key loan metrics, see Note 11 to the Consolidated Financial Statements.

Loans are secured by high quality commercial properties, located in strong institutional markets and are generally made at less than 65% of the property's value at origination of the loan. Property value, debt service coverage, quality, building tenancy and stability of cash flows are all important financial underwriting considerations. We hold no direct residential mortgage loans and do not originate or service securitized mortgage loans.

We assess the credit quality of our commercial mortgage loan portfolio annually by reviewing each holding’s most recent financial statements, rent rolls, budgets, and relevant market reports. The review performed in the second quarter of 2022 confirmed ongoing strong overall credit quality in line with the previous year’s results.

We continue to monitor the long-term impacts of COVID-19 on office sector fundamentals due to multiple headwinds that may impact future valuations: expanded work from home flexibility, shorter term leases, elevated tenant improvement allowances and corporate migration to lower cost states. Additionally, the current macroeconomic headwinds are impacting capital markets and reducing investor appetite for capital intensive assets (e.g., office and regional shopping malls). Our commercial mortgage loan portfolio has no exposure to regional shopping malls and less than 30% exposure to office properties.

Other Long-term Investments

Other long-term investments of $4.1 billion as of June 30, 2022 included investments in securities limited partnerships and real estate limited partnerships, direct investments in real estate joint ventures and other deposit activity that is required to support various insurance and health services businesses. The increase in other long-term investments of $0.5 billion since December 31, 2021 is primarily driven by net additional funding activity and value creation in the underlying investments. These limited partnership entities typically invest in mezzanine debt or equity of privately-held companies and equity real estate. Given our subordinate position in the capital structure of these underlying entities, we assume a higher level of risk for higher expected returns. To mitigate risk, these investments are diversified across approximately 200 separate partnerships and 100 general partners who manage one or more of these partnerships. Also, the underlying investments are diversified by industry sector or property type and geographic region. No single partnership investment exceeded 3% of our securities and real estate limited partnership portfolio.

Income from our limited partnership investments is generally reported on a one quarter lag due to the timing of when financial information is received from the general partner or manager of the investments. Accordingly, our net investment income in the second quarter largely reflects the underlying financial information from the first quarter of 2022. We expect continued volatility in private equity and real estate fund performance going forward as fair market valuations are adjusted to reflect market and portfolio transactions.

We participate in an insurance joint venture in China with a 50% ownership interest. We account for this joint venture under the equity method of accounting and report our share of the net assets of $1.0 billion in Other assets. Our 50% share of the investment portfolio supporting the joint venture's liabilities is approximately $9.0 billion as of June 30, 2022. These investments were comprised of approximately 75% debt securities, including government and corporate debt diversified by issuer, industry and geography; 15% equities, including mutual funds, equity securities and private equity partnerships; and 10% long-term deposits and policy loans. Approximately 1% of the joint venture's investment assets are exposed to private real estate property developers in the China market. We participate in the approval of the joint venture's investment strategy and continuously review its execution. There were no investments with a material unrealized loss as of June 30, 2022.

MARKET RISK

Financial Instruments

Our assets and liabilities include financial instruments subject to the risk of potential losses from adverse changes in market rates and prices. Our primary market risk exposures are interest rate risk and foreign currency exchange rate risk. We encourage you to read this in conjunction with "Market Risk – Financial Instruments" included in the MD&A section of our 2021 Form 10-K. Due primarily to decreases in the fair value of our debt securities and long-term debt since December 31, 2021, the effect of hypothetical changes in market rates or prices on the fair value of certain financial instruments has changed. In the event of a hypothetical 100 basis point increase in interest rates, the fair value of certain non-insurance financial instruments would decrease approximately $1.1 billion at June 30, 2022 compared to $1.4 billion at December 31, 2021. Further, under the same hypothetical 100 basis point increase in interest rates scenario, the fair value of the Company's long-term debt would decrease approximately $2.0 billion at June 30, 2022 compared to approximately $2.9 billion at December 31, 2021. Changes in the fair value of our long-term debt do not impact our financial position or operating results.

After the Chubb Transaction we expect reductions in our risk exposures to interest rates and foreign currency exchange rates. The impact of a hypothetical 100 basis point increase in interest rates on the fair value of certain non-insurance financial instruments of a $1.1 billion decrease cited above would decline to a $0.8 billion decrease excluding the businesses held for sale as of June 30, 2022. The impact of a hypothetical 10% strengthening in the U.S. dollar to foreign currencies excluding the businesses held for sale would be an insignificant amount as of June 30, 2022 as compared to a decrease of approximately $0.3 billion as of December 31, 2021.

Item 3. ***QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK***

Information responsive to this item is contained under the caption "Market Risk" in Item 2 above, Management’s Discussion and Analysis of Financial Condition and Results of Operations and is incorporated herein by reference.

Item 4. ***CONTROLS AND PROCEDURES***

Based on an evaluation of the effectiveness of Cigna's disclosure controls and procedures conducted under the supervision and with the participation of Cigna's management (including Cigna's Chief Executive Officer and Chief Financial Officer), Cigna's Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, Cigna's disclosure controls and procedures are effective to ensure that information required to be disclosed by Cigna in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms and is accumulated and communicated to Cigna's management, including Cigna's Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Change in Internal Control over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended June 30, 2022 that have materially affected, or are reasonably likely to materially affect, Cigna's internal control over financial reporting.

Part II. ***OTHER INFORMATION***

Item 1. ***LEGAL PROCEEDINGS***

The information contained under "Legal and Regulatory Matters" in Note 18 to the Consolidated Financial Statements is incorporated herein by reference.

Item 1A. ***RISK FACTORS***

For information regarding factors that could affect the Company's results of operations, financial condition and liquidity, see the risk factors discussed in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2021.

Item 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***

Issuer Purchases of Equity Securities

The following table provides information about Cigna's share repurchase activity for the quarter ended June 30, 2022:

Period	Total # of shares purchased [1]	Average price paid per share [1]	Total # of shares purchased as part of publicly announced program [2]	Approximate dollar value of shares that may yet be purchased as part of publicly announced program [3]
April 1-30, 2022	**1,519,764**	**$ 253.80**	**1,517,385**	**$ 9,444,290,632**
May 1-31, 2022	**1,605,175**	**$ 260.50**	**1,604,582**	**$ 9,026,293,505**
June 1-30, 2022	**793,253**	**$ 256.02**	**792,733**	**$ 8,823,335,866**
Total	**3,918,192**	**$ 256.99**	**3,914,700**	**N/A**

[1] Includes shares tendered by employees under the Company's equity compensation plans as follows: 1) payment of taxes on vesting of restricted stock (grants and units) and strategic performance shares and 2) payment of the exercise price and taxes for certain stock options exercised. Employees tendered 2,379 shares in April, 593 shares in May and 520 shares in June 2022.

[2] Additionally, the Company maintains a share repurchase program authorized by the Board of Directors. Under this program, the Company may repurchase shares from time to time, depending on market conditions and alternate uses of capital. The timing and actual number of shares repurchased will depend on a variety of factors, including price, general business and market conditions and alternate uses of capital. The share repurchase program may be effected through Rule 10b5-1 plans, open market purchases, each in compliance with Rule 10b-18 under the Exchange Act, or privately negotiated transactions. The program may be suspended or discontinued at any time and does not have an expiration date. From July 1, 2022 through August 3, 2022, we repurchased 10.4 million shares through the initial delivery under the ASR agreements discussed in the Liquidity and Capital Resources section of Management's Discussion and Analysis of Financial Condition and Results of Operations in Part I, Item 2. Such repurchases were made pursuant to the Company's share repurchase program described above. Share repurchase authority was $5.3 billion as of August 3, 2022.

[3] Approximate dollar value of shares is as of the last date of the applicable month.

Item 6. ***EXHIBITS***

INDEX TO EXHIBITS

Number	Description	Method of Filing
10.1	Revolving Credit and Letter of Credit Agreement, dated as of April 28, 2022, with the banks named therein, JPMorgan Chase Bank, N.A., as administrative agent, BofA Securities, Inc., Citibank, N.A., Morgan Stanley Senior Funding, Inc., MUFG Bank, LTD and Wells Fargo Securities, LLC, as joint lead arrangers and joint bookrunners	Filed by the registrant as Exhibit 10.1 to the Current Report on Form 8-K on April 29, 2022 and incorporated herein by reference.
31.1	Certification of Chief Executive Officer of Cigna Corporation pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934	Filed herewith.
31.2	Certification of Chief Financial Officer of Cigna Corporation pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Securities Exchange Act of 1934	Filed herewith.
32.1	Certification of Chief Executive Officer of Cigna Corporation pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350	Furnished herewith.
32.2	Certification of Chief Financial Officer of Cigna Corporation pursuant to Rule 13a-14(b) or Rule 15d-14(b) and 18 U.S.C. Section 1350	Furnished herewith.
101	The following materials from Cigna Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2022, formatted in inline XBRL (eXtensible Business Reporting Language): (i) the Consolidated Statements of Income; (ii) the Consolidated Statements of Comprehensive Income; (iii) the Consolidated Balance Sheets; (iv) the Consolidated Statements of Total Equity; (v) the Consolidated Statements of Cash Flows; and (vi) the Notes to the Consolidated Financial Statements	Filed herewith.
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)	Filed herewith.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Date: August 4, 2022

CIGNA CORPORATION

/s/ Brian C. Evanko

Brian C. Evanko
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer and Authorized Signatory)

Exhibit 31.1

CERTIFICATION

I, DAVID M. CORDANI, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cigna Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ David M. Cordani

Chief Executive Officer

Exhibit 31.2

CERTIFICATION

I, BRIAN C. EVANKO, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cigna Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 4, 2022

/s/ Brian C. Evanko
Chief Financial Officer

Exhibit 32.1

Certification of Chief Executive Officer of
Cigna Corporation pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q of Cigna Corporation for the fiscal period ending June 30, 2022 (the "Report"):

(1) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cigna Corporation.

/s/ David M. Cordani

David M. Cordani
Chief Executive Officer
August 4, 2022

Exhibit 32.2

Certification of Chief Financial Officer of
Cigna Corporation pursuant to 18 U.S.C. Section 1350

I certify that, to the best of my knowledge and belief, the Quarterly Report on Form 10-Q of Cigna Corporation for the fiscal period ending June 30, 2022 (the "Report"):

(1) complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Cigna Corporation.

/s/ Brian C. Evanko
Brian C. Evanko
Chief Financial Officer
August 4, 2022