Cigna Corporation

Quarterly Financial Supplement
December 31, 2020

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Cigna Corporation
December 31, 2020 Quarterly Financial Supplement
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BASIS OF PRESENTATION:

All dollar amounts are in millions, unless otherwise noted.

Cigna measures its financial results on a consolidated basis using adjusted income from operations and adjusted revenues. Adjusted income from operations and adjusted revenues on a consolidated basis are not determined in accordance with accounting principles generally accepted in the United States of America ("GAAP") and should not be viewed as a substitute for the most directly comparable GAAP measures which are shareholders' net income and total revenues. Cigna also uses adjusted income from operations to measure the results of its segments, however the segment metric is determined before income taxes.

Adjusted income from operations is defined as shareholders' net income (or income before income taxes for the segment metric) excluding the following adjustments: net realized investment results, amortization of acquired intangible assets, special items and earnings contributions from transitioning pharmacy benefit manager clients, Anthem Inc. and Coventry Health Care, Inc. (the "transitioning clients"). Adjusted income from operations is used as our principal financial measure of operating performance because management believes it best presents the underlying results of operations of Cigna's businesses and permits analysis of trends in underlying revenue, expenses and profitability.

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

As of the third quarter 2020, the segment previously reported as Health Services is reported as Evernorth and the segment previously reported as Integrated Medical is reported as U.S. Medical. There are no changes to the underlying businesses reported in either segment.

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

In some financial tables in this Quarterly Financial Supplement, we present percentage changes. When those changes are so large as to become not meaningful, we present "N/M" in place of the computed percentage.

Cigna Corporation
Financial Highlights (unaudited)

(Dollars in millions, except per share amounts)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Total revenues	$ 41,712	$ 38,245	9 %	$ 160,401	$ 153,566	4 %
Revenue contributions from transitioning clients	—	(1,690)	N/M	—	(13,347)	N/M
Net realized investment results from certain equity method investments	(43)	(17)	(153)	(130)	(44)	(195)
Special item related to contractual adjustment for a former client	—	—	N/M	(204)	—	N/M
Adjusted revenues [1]	$ 41,669	$ 36,538	14 %	$ 160,067	$ 140,175	14 %
Shareholders' net income	$ 4,135	$ 977	N/M	$ 8,458	$ 5,104	66 %
Pre-Tax Adjusted Income (Loss) From Operations by Segment						
Evernorth	$ 1,589	$ 1,537	3 %	$ 5,363	$ 5,092	5 %
U.S. Medical	328	718	(54)	3,807	3,831	(1)
International Markets	91	155	(41)	900	762	18
Group Disability and Other	11	125	(91)	290	501	(42)
Corporate	(381)	(439)	13	(1,552)	(1,824)	15
Consolidated pre-tax adjusted income from operations	$ 1,638	$ 2,096	(22) %	$ 8,808	$ 8,362	5 %
Adjusted income tax expense	371	476	(22)	2,013	1,886	7
Consolidated after-tax adjusted income from operations	$ 1,267	$ 1,620	(22) %	$ 6,795	$ 6,476	5 %
Diluted earnings per share						
Shareholders' net income	$ 11.45	$ 2.60	N/M	$ 22.96	$ 13.44	71 %
After-tax adjustments to reconcile to adjusted income from operations						
Adjustment for transitioning clients	—	(0.26)		—	(3.46)	
Net realized investment (gains) losses	(0.47)	(0.24)		(0.66)	(0.50)	
Amortization of acquired intangible assets	1.03	1.47		3.88	5.92	
Special items						
Integration and transaction-related costs	0.41	0.31		1.10	1.11	
Debt extinguishment costs	—	—		0.41	—	
Charge for organizational efficiency plan	—	0.43		0.07	0.43	
Charges associated with litigation matters	—	—		0.05	0.11	
Risk corridors recovery	—	—		(0.21)	—	
Contractual adjustment for a former client	—	—		(0.42)	—	
(Gain) on sale of business	(8.91)	—		(8.73)	—	
Total special items	(8.50)	0.74		(7.73)	1.65	
Adjusted income from operations	$ 3.51	$ 4.31	(19) %	$ 18.45	$ 17.05	8 %
Weighted average shares (in thousands)	361,115	376,045		368,389	379,817	
Adjusted EBITDA [2]	$ 2,196	$ 2,681	(18) %	$ 11,072	$ 10,752	3 %
Operating cash flow (see page 13)	4,294	2,793	54 %	10,350	9,485	9 %
SG&A expense ratio [3]	9.1 %	9.7 %	60 bps	8.5 %	9.3 %	80 bps

CUSTOMER RELATIONSHIPS	As of December 31,		
(Relationships, lives and policies in thousands)	2020	2019	% Change
Pharmacy excluding transitioning clients	89,184	75,903	17 %
Total Medical Customers (see page 7)	16,673	17,145	(3)
Behavioral care	36,908	30,361	22
Dental	17,542	17,231	2
Medicare Part D	3,291	3,276	—
International Markets policies	12,111	12,444	(3)
Group Disability and Life covered lives (estimated)	—	15,400	N/M
Total customer relationships	175,709	171,760	2 %

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

(2) Adjusted income from operations excluding interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP measure, defined as shareholders' net income excluding income taxes, contributions from transitioning clients and the before-tax impact of special items, interest expense, total depreciation and amortization, and net realized investment results.

(3) SG&A expense ratio is calculated as follows: Cigna's total selling, general and administrative expenses excluding special items and expenses from transitioning clients divided by Cigna's consolidated adjusted revenues.

Cigna Corporation
Consolidated Income Statements (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenues						
Pharmacy revenues	$ 28,305	$ 25,645	10 %	$ 107,769	$ 103,099	5 %
Premiums	10,699	10,005	7	42,627	39,714	7
Fees and other revenues	2,337	2,240	4	8,761	9,363	(6)
Net investment income	371	355	5	1,244	1,390	(11)
Total revenues	41,712	38,245	9	160,401	153,566	4
Benefits and expenses						
Pharmacy and other service costs	27,059	24,103	12	103,484	97,668	6
Medical costs and other benefit expenses	8,847	7,889	12	32,710	30,819	6
Selling, general and administrative expenses excluding special items	3,778	3,603	5	13,590	13,243	3
Amortization of acquired intangible assets	495	735	(33)	1,982	2,949	(33)
Special items	188	354	(47)	482	810	(40)
Total benefits and expenses	40,367	36,684	10	152,248	145,489	5
Income from operations	1,345	1,561	(14)	8,153	8,077	1
Interest expense and other	(337)	(391)	14	(1,438)	(1,682)	15
Debt extinguishment costs	—	(2)	N/M	(199)	(2)	N/M
Gain (loss) on sale of business	4,203	—	N/M	4,203	—	N/M
Net realized investment gains (losses)	167	93	80	149	177	(16)
Income before income taxes	5,378	1,261	N/M	10,868	6,570	65
Total income taxes	1,236	277	N/M	2,379	1,450	64
Net income	4,142	984	N/M	8,489	5,120	66
Less: Net income attributable to noncontrolling interests	7	7	—	31	16	94
Shareholders' net income	4,135	977	N/M	8,458	5,104	66
After-tax adjustments to reconcile adjusted income from operations						
Adjustment for transitioning clients	—	(99)		—	(1,316)	
Net realized investment (gains) losses	(169)	(90)		(244)	(190)	
Amortization of acquired intangible assets	370	554		1,431	2,248	
Special items						
Integration and transaction-related costs	148	116		404	427	
Debt extinguishment costs	—	—		151	—	
Charge for organizational efficiency plan	—	162		24	162	
Charges associated with litigation matters	—	—		19	41	
Risk corridors recovery	—	—		(76)	—	
Contractual adjustment for a former client	—	—		(155)	—	
(Gain) on sale of business	(3,217)	—		(3,217)	—	
Adjusted income from operations	$ 1,267	$ 1,620	(22) %	$ 6,795	$ 6,476	5 %

Cigna Corporation
Evernorth
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenues						
Pharmacy revenues	$ 29,234	$ 26,165	12 %	$ 111,674	$ 105,556	6 %
Fees and other revenues	1,297	1,082	20	4,628	4,178	11
Net investment income	2	13	(85)	32	60	(47)
Total revenues	30,533	27,260	12	116,334	109,794	6
Benefits and expenses						
Pharmacy and other service costs	28,325	24,983	13	108,537	100,886	8
Gross profit	2,208	2,277	(3)	7,797	8,908	(12)
Selling, general and administrative expenses	613	600	2	2,211	2,084	6
Amortization of acquired intangible assets	478	709	(33)	1,917	2,839	(32)
Income from operations	1,117	968	15	3,669	3,985	(8)
Interest expense and other	(1)	—	N/M	(2)	(2)	—
Net realized investment gains (losses)	17	—	N/M	17	—	N/M
Income before income taxes	1,133	968	17	3,684	3,983	(8)
Pre-tax adjustments required to reconcile to adjusted income from operations						
Adjustment for transitioning clients	—	(137)		—	(1,726)	
Pre-tax (income) attributable to noncontrolling interests	(5)	(3)		(17)	(4)	
Net realized investment (gains) losses	(17)	—		(17)	—	
Amortization of acquired intangible assets	478	709		1,917	2,839	
Special items	—	—		(204)	—	
Pre-tax adjusted income from operations	$ 1,589	$ 1,537	3 %	$ 5,363	$ 5,092	5 %
Pre-tax adjusted margin	5.2 %	6.0 %	(80) bps	4.6 %	5.3 %	(70) bps
Reconciliation of total revenues to adjusted revenues						
Total revenues	$ 30,533	$ 27,260	12 %	$ 116,334	$ 109,794	6 %
Revenue contributions from transitioning clients	—	(1,690)	N/M	—	(13,347)	N/M
Special item related to contractual adjustment for a former client	—	—	N/M	(204)	—	N/M
Adjusted revenues [(1)]	$ 30,533	$ 25,570	19 %	$ 116,130	$ 96,447	20 %

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

Cigna Corporation
Evernorth
Key Metrics (unaudited)

(Dollars and adjusted scripts in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Selected Financial Information [1]						
Adjusted EBITDA [2]	$ 1,675	$ 1,605	4 %	$ 5,682	$ 5,304	7 %
Pharmacy revenue by distribution channel [1]						
Adjusted network revenues	$ 15,002	$ 11,546	30	$ 56,181	$ 41,483	35
Adjusted home delivery and specialty revenues	12,775	11,638	10	49,886	45,836	9
Other revenues	1,457	1,292	13	5,403	4,900	10
Total adjusted pharmacy revenues	$ 29,234	$ 24,476	19	$ 111,470	$ 92,219	21
Pharmacy script volume						
Adjusted network scripts [3]	316	254	24	1,206	941	28
Adjusted home delivery and specialty scripts [3]	72	72	—	287	283	1
Total adjusted scripts [3]	388	326	19	1,493	1,224	22
Generic fill rate						
Network	86.1 %	86.1 %		87.4 %	87.1 %	
Home delivery	85.7 %	84.5 %		85.2 %	84.3 %	
Overall generic fill rate	86.0 %	85.9 %		87.2 %	86.8 %	

(1) Evernorth segment metrics on this page are presented excluding special items and, for 2019, contributions from transitioning clients.

(2) Adjusted income from operations excluding interest, taxes, depreciation and amortization ("Adjusted EBITDA") is a non-GAAP measure, defined as shareholders' net income excluding income taxes, contributions from transitioning clients and the before-tax impact of special items, interest expense, total depreciation and amortization, and net realized investment results.

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

Cigna Corporation
U.S. Medical
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenues						
Premiums	$ 8,169	$ 7,566	8 %	$ 32,597	$ 30,089	8 %
Fees and other revenues	1,388	1,522	(9)	5,407	5,952	(9)
Net investment income	168	120	40	447	478	(6)
Total revenues [1]	9,725	9,208	6	38,451	36,519	5
Benefits and expenses						
Medical costs	7,008	6,224	13	25,871	24,319	6
Selling, general and administrative expenses	2,389	2,266	5	8,773	8,369	5
Amortization of acquired intangible assets	6	18	(67)	29	69	(58)
Special items	—	—	N/M	(101)	(30)	(237)
Total benefits and expenses	9,403	8,508	11	34,572	32,727	6
Income from operations	322	700	(54)	3,879	3,792	2
Net realized investment gains (losses)	105	47	123	77	112	(31)
Income before income taxes	427	747	(43)	3,956	3,904	1
Pre-tax adjustments required to reconcile to adjusted income from operations						
Net realized investment (gains) losses	(105)	(47)		(77)	(112)	
Amortization of acquired intangible assets	6	18		29	69	
Special items	—	—		(101)	(30)	
Pre-tax adjusted income from operations	$ 328	$ 718	(54) %	$ 3,807	$ 3,831	(1) %
Pre-tax adjusted margin	3.4 %	7.8 %	(440) bps	9.9 %	10.5 %	(60) bps

(1) Total revenues were equal to adjusted revenues in the U.S. Medical segment for the periods presented.

Cigna Corporation
U.S. Medical
Revenue and Medical Care Ratio (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Premiums:						
U.S. Commercial Premiums						
Risk	$ 3,441	$ 3,245	6 %	$ 13,389	$ 12,523	7 %
Stop loss	1,155	1,107	4	4,614	4,328	7
Other	282	261	8	1,135	1,040	9
Total U.S. Commercial premiums	4,878	4,613	6	19,138	17,891	7
U.S. Government Premiums						
Medicare Advantage	1,885	1,535	23	7,565	6,314	20
Medicare Part D	351	370	(5)	1,593	1,699	(6)
Other	1,055	1,048	1	4,301	4,185	3
Total U.S. Government premiums	3,291	2,953	11	13,459	12,198	10
Total premiums	8,169	7,566	8	32,597	30,089	8
Fees and other revenues	1,388	1,522	(9)	5,407	5,952	(9)
Net investment income	168	120	40	447	478	(6)
Total revenues	$ 9,725	$ 9,208	6 %	$ 38,451	$ 36,519	5 %
Medical Care Ratio	85.8 %	82.3 %	(350) bps	79.4 %	80.8 %	140 bps

Cigna Corporation
Total Medical Customers (unaudited)

COVERED LIVES BY FUNDING TYPE:	As of December 31, 2020	2019	% Change	
(Lives in thousands)				
Medical customers: [1]				
U.S. Commercial risk	2,141	2,114	1	%
U.S. Government risk				
Medicare Advantage	525	444	18	
Other [2]	862	917	(6)	
Total U.S. Government risk	1,387	1,361	2	
Services only customers - U.S. Medical	11,485	12,073	(5)	
Total U.S. Medical	15,013	15,548	(3)	
International Markets [3]	1,660	1,597	4	
Total medical customers	16,673	17,145	(3)	%

COVERED LIVES BY MARKET SEGMENT: [4]	As of December 31, 2020	2019 [5]	% Change	
(Lives in thousands)				
Medical customers: [1]				
National Accounts	3,361	3,612	(7)	%
Middle Market	7,782	8,200	(5)	
Select	2,481	2,374	5	
Small	2	1	100	
Total U.S. Commercial	13,626	14,187	(4)	
Total U.S. Government	1,387	1,361	2	
Total U.S. Medical	15,013	15,548	(3)	
International Markets	1,660	1,597	4	
Total medical customers	16,673	17,145	(3)	%

(1) Includes individuals in our U.S. Medical and International Markets segments who meet any one of the following criteria: are covered under a medical insurance policy, managed care arrangement, or service agreement issued by Cigna; have access to Cigna's provider network for covered services under their medical plan; or have medical claims and services that are administered by Cigna.

(2) Includes Medicaid, Medicare Supplement and Individual customers. As of December 31, 2020, individual business includes on-exchange Patient Protection and Affordable Care and Education Reconciliation Act ("ACA") business (226,000 customers), off-exchange ACA business (9,000 customers) and off-exchange non ACA business (23,000 customers).

(3) International Markets medical customers excludes medical customers served by less than 100% owned subsidiaries.

(4) Market Segments are defined as follows:
- *~ the National Accounts market segment includes multi-state employers with more than 5,000 U.S. based, full-time employees in more than one state*
- *~ the Middle Market segment includes employers with more than 500 but fewer than 5,000 U.S. based, full-time employees, single-site employers with more than 5,000 employees, Taft Hartley plans, and other third party payers;*
- *~ the Select market segment includes employers with more than 50 but fewer than 500 eligible employees;*
- *~ the Small market segment includes employers with 2-50 employees.*
- *~ the U.S. Government market segment offers Medicare Advantage (both to individuals who are post-65 retirees, as well as employer group sponsored pre- and post-65 retirees), Prescription Drug Program, Medicare Supplement and Medicaid products as managed care alternatives to publicly funded healthcare programs. The segment also offers individual health insurance coverage both on and off the public exchanges.*
- *~ the International Markets segment is focused on health care and supplemental products and services to meet the needs of local and multinational individuals and organizations and their local and globally mobile employees and dependents.*

(5) Prior year lives have been reclassified to reflect current market segment presentation at the employer level, according to the definitions discussed in note 4.

Cigna Corporation
U.S. Medical
Unpaid Claims Liability (unaudited)

(Dollars in millions)	Year Ended December 31,	
	2020	2019
Beginning balance	$ 2,892	$ 2,697
Less: Reinsurance and other amounts recoverable	303	264
Beginning balance, net	2,589	2,433
Incurred costs related to:		
Current year	25,889	24,368
Prior years	(115)	(165)
Total incurred	25,774	24,203
Paid costs related to:		
Current year	23,005	21,851
Prior years	2,398	2,196
Total paid	25,403	24,047
Ending balance, net	2,960	2,589
Add: Reinsurance and other amounts recoverable	224	303
Ending balance [(1)]	$ 3,184	$ 2,892

(1) The ending balance is included in the Insurance and contractholder liabilities balance on the Consolidated Balance Sheets. For additional information regarding this liability, see the Insurance and Contractholder Liabilities footnote in Cigna's Form 10-K for the period ended December 31, 2020, expected to be filed on February 25, 2021.

Cigna Corporation
International Markets
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenues						
Premiums	$ 1,432	$ 1,352	6 %	$ 5,511	$ 5,266	5 %
Fees and other revenues	96	53	81	342	234	46
Net investment income	50	42	19	154	159	(3)
Total revenues	1,578	1,447	9	6,007	5,659	6
Benefits and expenses						
Medical costs and other benefit expenses	870	793	10	3,116	3,017	3
Selling, general and administrative expenses [(1)]	572	477	20	1,854	1,817	2
Amortization of acquired intangible assets	11	8	38	33	36	(8)
Total benefits and expenses	1,453	1,278	14	5,003	4,870	3
Income from operations	125	169	(26)	1,004	789	27
Interest expense and other	3	(1)	N/M	13	(3)	N/M
Net realized investment gains (losses)	43	16	169	31	(1)	N/M
Income before income taxes	171	184	(7)	1,048	785	34
Pre-tax adjustments required to reconcile adjusted income from operations						
Pre-tax (income) attributable to noncontrolling interests	(5)	(4)		(20)	(16)	
Net realized investment (gains) losses	(86)	(33)		(161)	(43)	
Amortization of acquired intangible assets	11	8		33	36	
Pre-tax adjusted income from operations	$ 91	$ 155	(41) %	$ 900	$ 762	18 %
Pre-tax adjusted margin	5.9 %	10.8 %	(490) bps	15.3 %	13.6 %	170 bps
Reconciliation of total revenues to adjusted revenues						
Total revenues	$ 1,578	$ 1,447	9 %	$ 6,007	$ 5,659	6 %
Net realized investment results from certain equity method investments	(43)	(17)	(153)	(130)	(44)	(195)
Adjusted revenues [(2)]	$ 1,535	$ 1,430	7 %	$ 5,877	$ 5,615	5 %

(1) Selling, general and administrative expenses include policy acquisition expenses of $192 million for the three months ended and $664 million for the year ended December 31, 2020 and $180 million for the three months ended and $723 million for the year ended December 31, 2019.

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

Cigna Corporation
Group Disability and Other
Segment Results (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Revenues						
Premiums	$ 1,105	$ 1,090	1 %	$ 4,547	$ 4,372	4 %
Fees and other revenues	25	29	(14)	106	115	(8)
Net investment income	153	174	(12)	611	695	(12)
Total revenues [1]	1,283	1,293	(1)	5,264	5,182	2
Benefits and expenses						
Benefit expenses	1,005	899	12	3,957	3,612	10
Selling, general and administrative expenses	267	269	(1)	1,017	1,068	(5)
Amortization of acquired intangible assets	—	—	N/M	3	5	(40)
Total benefits and expenses	1,272	1,168	9	4,977	4,685	6
Income from operations	11	125	(91)	287	497	(42)
Interest expense and other	—	—	N/M	—	(1)	N/M
Gain (loss) on sale of business	4,203	—	N/M	4,203	—	N/M
Net realized investment gains (losses)	2	30	(93)	24	66	(64)
Income before income taxes	4,216	155	N/M	4,514	562	N/M
Pre-tax adjustments required to reconcile adjusted income from operations						
Net realized investment (gains) losses	(2)	(30)		(24)	(66)	
Amortization of acquired intangible assets	—	—		3	5	
Special items	(4,203)	—		(4,203)	—	
Pre-tax adjusted income from operations	$ 11	$ 125	(91) %	$ 290	$ 501	(42) %
Pre-tax adjusted margin	0.9 %	9.7 %	(880) bps	5.5 %	9.7 %	(420) bps

On December 31, 2020, Cigna completed the sale of its U.S Group Disability and Life business to New York Life Insurance Company for cash proceeds of $6.2 billion. The Company recognized a gain of $4.2 billion pre-tax ($3.2 billion after-tax). For additional information regarding this divestiture, see the Mergers, Acquisitions and Divestitures footnote in Cigna's Form 10-K for the year ended December 31, 2020, expected to be filed on February 25, 2021.

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

Cigna Corporation
Corporate
Earnings (unaudited)

(Dollars in millions)	Three Months Ended December 31,			Year Ended December 31,		
	2020	2019	% Change	2020	2019	% Change
Total revenues and eliminations [1]	$ (1,407)	$ (963)	(46) %	$ (5,655)	$ (3,588)	(58) %
Total expenses and eliminations excluding special items [1]	(1,365)	(916)	(49)	(5,552)	(3,442)	(61)
Special items	188	354	(47)	583	840	(31)
Total expenses and eliminations	(1,177)	(562)	(109)	(4,969)	(2,602)	(91)
(Loss) from operations	(230)	(401)	43	(686)	(986)	30
Interest expense and other	(339)	(390)	13	(1,449)	(1,676)	14
Debt extinguishment costs	—	(2)	N/M	(199)	(2)	N/M
(Loss) before income taxes	(569)	(793)	28	(2,334)	(2,664)	12
Pre-tax adjustments required to reconcile adjusted income (loss) from operations						
Special items	188	354		782	840	
Pre-tax adjusted (loss) from operations	$ (381)	$ (439)	13 %	$ (1,552)	$ (1,824)	15 %

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

Cigna Corporation
Consolidated Balance Sheets (unaudited)

(Dollars in millions)	As of December 31, 2020	As of December 31, 2019		As of December 31, 2020	As of December 31, 2019
Assets			**Liabilities**		
Current Assets			**Current Liabilities**		
Cash and cash equivalents	$ 10,182	$ 4,619	Insurance and contractholder liabilities	$ 5,308	$ 4,921
Investments	1,331	937	Pharmacy and other service costs payable	13,347	10,454
Accounts receivable, net	12,191	10,716	Accounts payable	5,478	5,090
Inventories	3,165	2,661	Accrued expenses	8,515	7,347
Other current assets	930	1,400	Short-term debt and current maturities of long-term debt	3,374	5,514
Assets held for sale [(1)]	—	9,512	Liabilities held for sale [(1)]	—	6,812
Total current assets	27,799	29,845	Total current liabilities	36,022	40,138
Long-term investments	23,262	21,542	Insurance and contractholder liabilities	16,844	16,052
Reinsurance recoverables [(2)]	5,200	5,100	Deferred tax liabilities, net	8,939	9,387
Deferred policy acquisition costs	3,385	2,958	Other non-current liabilities	4,629	4,460
Property and equipment	4,205	4,417	Long-term debt	29,545	31,893
Goodwill	44,648	44,602	Separate account liabilities	9,086	8,465
Other intangibles	35,179	36,562	Total liabilities	105,065	110,395
Other assets	2,687	2,283			
Separate account assets	9,086	8,465	Redeemable noncontrolling interests	58	35
			Shareholders' Equity		
			Common stock	4	4
			Additional paid-in capital	28,975	28,306
			Accumulated other comprehensive (loss)	(861)	(941)
			Retained earnings	28,575	20,162
			Less treasury stock, at cost	(6,372)	(2,193)
			Total shareholders' equity	50,321	45,338
			Noncontrolling interests	7	6
			Total equity	50,328	45,344
Total assets	$ 155,451	$ 155,774	Total liabilities and equity	$ 155,451	$ 155,774

(1) The assets and liabilities of the Group Disability and Life business have been classified as held for sale as of December 31, 2019. For additional information regarding the sale of the Group Disability and Life business to New York Life, see the Mergers, Acquisitions and Divestitures footnote in Cigna's Form 10-K for the year ended December 31, 2020, expected to be filed on February 25, 2021.

(2) Includes $4.92 billion as of December 31, 2020 and $4.67 billion as of December 31, 2019 related to: 1) the sale of Cigna's Individual Life & Annuity business in 1998 and Cigna's Retirement Benefits business in 2004, which were primarily in the form of reinsurance arrangements; 2) the reinsurance transaction with Berkshire in 2013; and 3) the sale of Cigna's Group Disability and Life business to New York Life in 2020. Corresponding liabilities are primarily reported in Insurance and contractholder liabilities.

Cigna Corporation
Condensed Consolidated Statements of Cash Flows (unaudited)

(Dollars in millions)	For the Years Ended December 31, 2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	$ 8,489	$ 5,120
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	2,802	3,651
Realized investment (gains) losses, net	(149)	(177)
Deferred income tax (benefit)	(386)	(313)
Gain on sale of business	(4,203)	—
Debt extinguishment costs	199	2
Net changes in assets and liabilities, net of non-operating effects:		
Accounts receivable	(1,496)	(713)
Inventories	(504)	149
Deferred policy acquisition costs	(307)	(242)
Reinsurance recoverable and other assets	230	(277)
Insurance liabilities	841	575
Pharmacy costs and other service costs payable	2,891	(192)
Accounts payable and accrued expenses and other liabilities	1,346	1,343
Other, net	597	559
Net cash provided by operating activities	10,350	9,485
Net cash provided by (used in) investing activities [(1)]	2,976	(734)
Net cash (used in) financing activities [(2)]	(8,533)	(7,187)
Effect of foreign currency rate changes on cash, cash equivalents and restricted cash	41	(8)
Net increase in cash, cash equivalents, and restricted cash	4,834	1,556
Cash, cash equivalents, and restricted cash January 1 [(3)]	5,411	3,855
Cash, cash equivalents, and restricted cash December 31	$ 10,245	$ 5,411
Cash reclassified to assets held for sale	—	(743)
Cash, cash equivalents, and restricted cash December 31, per Consolidated Balance Sheets [(4)]	$ 10,245	$ 4,668

(1) Includes $5.6 billion of net proceeds, net of cash disposed for the sale of the Group Disability and Life business.

(2) Includes $8.3 billion for the repayment and extinguishment of long term debt, offset by $3.5 billion for the issuance of long term debt, change in short term debt and term loan issuance and repayment for the year ended December 31, 2020.

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

(4) Includes restricted cash of $63 million reported in Long-term investments as of December 31, 2020.

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

(Dollars in millions)

	As of December 31, 2020					As of December 31, 2019			
Sector	**Amortized Cost**	**Allowance for Credit Loss**	**Unrealized Appreciation**	**Unrealized Depreciation**	**Fair Value**	**Amortized Cost**	**Unrealized Appreciation**	**Unrealized Depreciation**	**Fair Value**
United States government	$ 334	$ —	$ 122	$ —	$ 456	$ 498	$ 235	$ —	$ 733
State and local government	150	—	17	—	167	729	81	—	810
Foreign government	2,201	—	318	(8)	2,511	2,027	230	(1)	2,256
Government	2,685	—	457	(8)	3,134	3,254	546	(1)	3,799
Basic industry	2,653	—	308	(18)	2,943	3,310	258	(4)	3,564
Capital goods	1,725	—	207	(1)	1,931	2,298	157	(3)	2,452
Communications	531	—	46	(1)	576	823	54	(1)	876
Consumer	2,759	(6)	320	(3)	3,070	3,845	254	(4)	4,095
Electric and utility	1,573	—	234	(4)	1,803	2,255	220	(1)	2,474
Energy and natural gas	1,145	(6)	119	(4)	1,254	1,761	114	(8)	1,867
Financial	2,582	(7)	260	(2)	2,833	3,638	233	(6)	3,865
Other	140	—	12	—	152	219	9	(1)	227
Corporate	13,108	(19)	1,506	(33)	14,562	18,149	1,299	(28)	19,420
Mortgage and other asset-backed	427	(7)	27	(12)	435	506	31	(1)	536
Total debt securities	**$ 16,220**	**$ (26)**	**$ 1,990**	**$ (53)**	**$ 18,131**	**$ 21,909**	**$ 1,876**	**$ (30)**	**$ 23,755**

As a result of the Group Disability and Life business divestiture, $7.8 billion of debt securities were transferred to New York Life on December 31, 2020. The debt securities transferred to New York Life were primarily those in the Corporate and State and local government sectors. The table above includes debt securities associated with this business held for sale as of December 31, 2019. For additional information regarding this divestiture, see the Mergers, Acquisitions and Divestitures footnote in Cigna's Form 10-K for the year ended December 31, 2020, expected to be filed on February 25, 2021.

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

(Dollars in millions)

	Property Type						
Geographic Region	**Office Buildings**	**Apartment Buildings**	**Industrial**	**Hotels**	**Retail**	**Total**	**% of Mortgage Loans**
Massachusetts	$ 43	$ —	$ —	$ 95	$ —	$ 138	10%
New England	**43**	**—**	**—**	**95**	**—**	**138**	**10%**
New York	50	54	—	—	—	104	7%
New Jersey	—	42	—	—	—	42	3%
Middle Atlantic	**50**	**96**	**—**	**—**	**—**	**146**	**10%**
District of Columbia	43	—	—	—	—	43	3%
Virginia	53	—	—	—	—	53	4%
Other[1]	—	47	—	—	11	58	4%
South Atlantic	**96**	**47**	**—**	**—**	**11**	**154**	**11%**
Illinois	21	59	—	—	—	80	6%
Texas	69	143	—	—	—	212	15%
Central	**90**	**202**	**—**	**—**	**—**	**292**	**21%**
Arizona	—	—	—	28	—	28	2%
Mountain	**—**	**—**	**—**	**28**	**—**	**28**	**2%**
California	189	137	99	—	80	505	35%
Washington	20	109	—	—	—	129	9%
Other[1]	—	—	17	—	16	33	2%
Pacific	**209**	**246**	**116**	**—**	**96**	**667**	**46%**
Totals, Gross	**$ 488**	**$ 591**	**$ 116**	**$ 123**	**$ 107**	**$ 1,425**	**100%**
Allowance for Credit Losses						**(6)**	
Total, Net						**1,419**	
% of Mortgage Loans	**34 %**	**41 %**	**8 %**	**9 %**	**8 %**	**100 %**	
Loan to Value Ratio[2]	**60 %**	**65 %**	**41 %**	**75 %**	**52 %**	**61 %**	

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

(2) The Loan to Value Ratios on the commercial mortgage loans that Cigna holds in its portfolio leverage internal valuations, which are estimates based on the most recent full year financial statements and budgets/projections for the next year, considering occupancy, rental rates, operating costs, and other relevant information. The values are primarily determined as part of an annual review process, which was completed in the second quarter of 2020.