BOYLE TIMOTHY P
Form 4
November 09, 2004

FORM 4

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

OMB APPROVAL	
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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
BOYLE TIMOTHY P

(Last) (First) (Middle)

C/O COLUMBIA SPORTSWEAR COMPANY, 14375 NW SCIENCE PARK DRIVE

(Street)

PORTLAND, OR 97229

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
COLUMBIA SPORTSWEAR CO [COLM]

3. Date of Earliest Transaction (Month/Day/Year)
11/05/2004

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director __X__ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President and Chief Executive

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	02/02/2004		G		3,031	D	(1)	15,280,367	D	
Common Stock	05/25/2004		G		1,906	D	(1)	15,278,461	D	
Common Stock	06/14/2004		G		4,658	D	(1)	15,273,803	D	
Common Stock	10/25/2004		G		11,576	D	(1)	15,262,227	D	
	11/05/2004		S		2,666	D		15,259,561	D	

Common Stock					$ 61.0289		
Common Stock	11/05/2004	S	400	D	$ 60.9628	15,259,161	D
Common Stock	11/05/2004	S	800	D	$ 60.9452	15,258,361	D
Common Stock	11/05/2004	S	34	D	$ 60.92	15,258,327	D
Common Stock	11/05/2004	S	300	D	$ 60.93	15,258,027	D
Common Stock	11/05/2004	S	100	D	$ 60.94	15,257,927	D
Common Stock	11/05/2004	S	300	D	$ 61.01	15,257,627	D
Common Stock	11/05/2004	S	100	D	$ 61.04	15,257,527	D
Common Stock	11/05/2004	S	300	D	$ 61.05	15,257,227	D
Common Stock	11/05/2004	S	200	D	$ 61.08	15,257,027	D
Common Stock	11/05/2004	S	700	D	$ 61.01	15,256,327	D
Common Stock	11/05/2004	S	300	D	$ 60.98	15,256,027	D
Common Stock	11/05/2004	S	200	D	$ 60.99	15,255,827	D
Common Stock	11/05/2004	S	300	D	$ 60.9	15,255,527	D
Common Stock	11/05/2004	S	600	D	$ 60.87	15,254,927	D
Common Stock	11/05/2004	S	200	D	$ 60.84	15,254,727	D
Common Stock	11/05/2004	S	200	D	$ 60.85	15,254,527	D
Common Stock	11/05/2004	S	170	D	$ 60.86	15,254,357	D
Common Stock	11/05/2004	S	100	D	$ 60.82	15,254,257	D
Common Stock	11/05/2004	S	400	D	$ 60.96	15,253,857	D
	11/05/2004	S	11,160	D	$ 61	15,242,697	D

Common Stock								
Common Stock	11/05/2004		S	5	D	$ 61.03	15,242,692	D
Common Stock	11/05/2004		S	1,900	D	$ 61.0021	15,240,792	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BOYLE TIMOTHY P C/O COLUMBIA SPORTSWEAR COMPANY 14375 NW SCIENCE PARK DRIVE PORTLAND, OR 97229	X	X	President and Chief Executive	

Signatures

Timothy P. Boyle	11/09/2004
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) N/A

Remarks:

This is number 1 of 2 Form 4's reporting transactions for same transaction date.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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$

-

$

29

$

353

50% to 59%

409

54

56

-

-

519

60% to 69%

533

73

5

28

25

664

70% to 79%

138

79

57

55

11

340

80% to 89%

267

186

165

151

69

838

90% to 99%

15

54

181

185

135

570

100% or above

-

-

47

Explanation of Responses:

43

112

202

TOTAL

$

1,686

$

446

$

511

$

462

$

381

$

3,486

Back to Contents

The Company’s annual in-depth review of its commercial mortgage loan investments is the primary mechanism for identifying emerging risks in the portfolio. The most recent review was completed by the Company’s investment professionals in the second quarter of 2011 and included an analysis of each underlying property’s most recent annual financial statements, rent rolls, operating plans, budgets, a physical inspection of the property and other pertinent factors. Based on historical results, current leases, lease expirations and rental conditions in each market, the Company estimates the current year and future stabilized property income and fair value, and categorizes the investments as loans in good standing, potential problem loans or problem loans. Based on property valuations and cash flows estimated as part of this review, and considering updates for loans where material changes were subsequently identified, the portfolio’s average loan-to-value ratio improved to 70% at December 31, 2011, decreasing from 74% as of December 31, 2010. The portfolio’s average debt service coverage ratio was estimated to be 1.40 at December 31, 2011, a slight increase from 1.38 at December 31, 2010.

Quality ratings are adjusted between annual reviews if new property information is received or events such as delinquency or a borrower request for restructure cause management to believe that the Company’s estimate of financial performance, fair value or the risk profile of the underlying property has been impacted.

During the twelve months ended December 31, 2011, the Company restructured a $65 million potential problem mortgage loan. The original loan was modified into two notes, including a $55 million loan at current market terms and a $10 million loan issued at a below market interest rate. This modification was considered a troubled debt restructuring because the borrower was experiencing financial difficulties and a concession was granted as the second loan was issued at a below market interest rate. No valuation reserve was required because the fair value of the underlying property exceeds the total outstanding loans. As a part of this restructuring, both the borrower and the Company have committed to fund additional capital for leasing and capital requirements.

Other loans were modified during the twelve months ended December 31, 2011, but were not considered troubled debt restructures. The impact of modifications to these loans was not material to the Company’s results of operations, financial condition or liquidity.

Potential problem mortgage loans are considered current (no payment more than 59 days past due), but exhibit certain characteristics that increase the likelihood of future default. The characteristics management considers include, but are not limited to, the deterioration of debt service coverage below 1.0, estimated loan-to-value ratios increasing to 100% or more, downgrade in quality rating and request from the borrower for restructuring. In addition, loans are considered potential problems if principal or interest payments are past due by more than 30 but less than 60 days. Problem mortgage loans are either in default by 60 days or more or have been restructured as to terms, which could include concessions on interest rate, principal payment or maturity date. The Company monitors each problem and potential problem mortgage loan on an ongoing basis, and updates the loan categorization and quality rating when warranted.

Problem and potential problem mortgage loans, net of valuation reserves, totaled $336 million at December 31, 2011 and $383 million at December 31, 2010. At December 31, 2011, mortgage loans collateralized by industrial properties represent the most significant component of problem and potential problem mortgage loans, with no significant concentration by geographic region. There were no significant concentrations by property type or geographic region at December 31, 2010.

Impaired commercial mortgage loans

A commercial mortgage loan is considered impaired when it is probable that the Company will not collect all amounts due (principal and interest) according to the terms of the original loan agreement. The Company assesses each loan individually for impairment, utilizing the information obtained from the quality review process discussed above. Impaired loans are carried at the lower of unpaid principal balance or the fair value of the underlying real estate.

Certain commercial mortgage loans without valuation reserves are considered impaired because the Company will not collect all interest due according to the terms of the original agreements; however, the Company does expect to recover their remaining carrying value primarily because it is less than the fair value of the underlying real estate.

The carrying value of the Company's impaired commercial mortgage loans and related valuation reserves were as follows:

	2011			2010		
(In millions)	**Gross**	**Reserves**	**Net**	**Gross**	**Reserves**	**Net**
Impaired commercial mortgage loans with valuation reserves	$ 154	$ (19)	$ 135	$ 47	$ (12)	$ 35
Impaired commercial mortgage loans with no valuation reserves	60	-	60	60	-	60
TOTAL	**$ 214**	**$ (19)**	**$ 195**	**$ 107**	**$ (12)**	**$ 95**

Back to Contents

The average recorded investment in impaired loans was $176 million during 2011 and $169 million during 2010. The Company recognizes interest income on problem mortgage loans only when payment is actually received because of the risk profile of the underlying investment. Interest income that would have been reflected in net income if interest on non-accrual commercial mortgage loans had been received in accordance with the original terms was not significant for 2011 or 2010. Interest income on impaired commercial mortgage loans was not significant for 2011 or 2010.

The following table summarizes the changes in valuation reserves for commercial mortgage loans:

(In millions)	**2011**	**2010**
Reserve balance, January 1,	$ 12	$ 17
Increase in valuation reserves	16	24
Charge-offs upon sales and repayments, net of recoveries	(1)	(12)
Transfers to foreclosed real estate	(8)	(17)
RESERVE BALANCE, DECEMBER 31,	**$ 19**	**$ 12**

C. Real Estate

As of December 31, 2011 and 2010, real estate investments consisted primarily of office and industrial buildings in California. Investments with a carrying value of $49 million as of December 31, 2011 and 2010 were non-income producing during the preceding twelve months. As of December 31, 2011, the Company had commitments to contribute additional equity of $9 million to real estate investments.

D. Other Long-Term Investments

As of December 31, other long-term investments consisted of the following:

(In millions)	**2011**	**2010**
Real estate entities	$ 665	$ 394
Securities partnerships	298	288
Interest rate and foreign currency swaps	12	19
Mezzanine loans	31	13
Other	52	45
TOTAL	**$ 1,058**	**$ 759**

Investments in real estate entities and securities partnerships with a carrying value of $171 million at December 31, 2011 and $169 million at December 31, 2010 were non-income producing during the preceding twelve months.

As of December 31, 2011, the Company had commitments to contribute:

•

$165 million to limited liability entities that hold either real estate or loans to real estate entities that are diversified by property type and geographic region; and

•

$242 million to entities that hold securities diversified by issuer and maturity date.

The Company expects to disburse approximately 50% of the committed amounts in 2012.

E. Short-Term Investments and Cash Equivalents

Short-term investments and cash equivalents included corporate securities of $4.1 billion, federal government securities of $164 million and money market funds of $40 million as of December 31, 2011. The Company's short-term investments and cash equivalents as of December 31, 2010 included corporate securities of $1.1 billion, federal government securities of $137 million and money market funds of $40 million. The increase during 2011 is primarily due to proceeds from the Company's debt and equity issuances that were used to partially fund the HealthSpring acquisition. See Note 3 for further information.

Back to Contents

F. Concentration of Risk

As of December 31, 2011 and 2010, the Company did not have a concentration of investments in a single issuer or borrower exceeding 10% of shareholders' equity.

NOTE 12 Derivative Financial Instruments

The Company has written and purchased reinsurance contracts under its run-off reinsurance segment that are accounted for as free standing derivatives. The Company also uses derivative financial instruments to manage the equity, foreign currency, and certain interest rate risk exposures of its run-off reinsurance segment. In addition, the Company uses derivative financial instruments to manage the characteristics of investment assets to meet the varying demands of the related insurance and contractholder liabilities. See Note 2 for information on the Company's accounting policy for derivative financial instruments. 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.

Collateral and termination features. The Company routinely monitors exposure to credit risk associated with derivatives and diversifies the portfolio among approved dealers of high credit quality to minimize this risk. Certain of the Company's over-the-counter derivative instruments contain provisions requiring either the Company or the counterparty to post collateral or demand immediate payment depending on the amount of the net liability position and predefined financial strength or credit rating thresholds. Collateral posting requirements vary by counterparty. The net liability positions of these derivatives were not material as of December 31, 2011 or 2010.

Derivative instruments associated with the Company's run-off reinsurance segment

Guaranteed Minimum Income Benefits (GMIB)

Purpose. The Company has written reinsurance contracts with issuers of variable annuity contracts that provide annuitants with certain guarantees of minimum income benefits resulting from the level of variable annuity account values compared with a contractually guaranteed amount ("GMIB liabilities"). According to the contractual terms of the written reinsurance contracts, payment by the Company depends on the actual account value in the underlying mutual funds and the level of interest rates when the contractholders elect to receive minimum income payments. The Company has purchased retrocessional coverage for a portion of these contracts to reduce a portion of the risks assumed ("GMIB assets").

Accounting policy. Because cash flows are affected by equity markets and interest rates, but are without significant life insurance risk and are settled in lump sum payments, the Company accounts for these GMIB liabilities and assets as written and purchased options at fair value. These derivatives are not designated as hedges and their fair values are reported in other liabilities (GMIB liability) and other assets (GMIB asset), with changes in fair value reported in GMIB fair value (gain) loss.

Cash flows. Under the terms of these written and purchased contracts, the Company periodically receives and pays fees based on either contractholders' account values or deposits increased at a contractual rate. The Company will also pay and receive cash depending on changes in account values and interest rates when contractholders first elect to receive minimum income payments. These cash flows are reported in operating activities.

Volume of activity. The potential undiscounted future payments for the written options (GMIB liability, as defined in Note 23) was $1,244 million as of December 31, 2011 and $1,134 million as of December 31, 2010. The potential undiscounted future receipts for the purchased options (GMIB asset) was $684 million as of December 31, 2011 and $624 million as of December 31, 2010.

The following table provides the effect of these derivative instruments on the financial statements for the indicated periods:

Fair Value Effect on the Financial Statements *(In millions)*

Instrument	**Other Assets, including other intangibles**		**Accounts Payable, Accrued Expenses and Other Liabilities**		**GMIB Fair Value (Gain) Loss**	
	As of December 31,		**As of December 31,**		**For the years ended December 31,**	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Written options (GMIB liability)			$ 1,333	$ 903	$ 504	$ 112
Purchased options (GMIB asset)	$ 712	$ 480			(270)	(57)
TOTAL	**$ 712**	**$ 480**	**$ 1,333**	**$ 903**	**$ 234**	**$ 55**

Back to Contents

GMDB and GMIB Hedge Programs

Purpose. The Company also uses derivative financial instruments under a dynamic hedge program designed to substantially reduce domestic and international equity market exposures resulting from changes in variable annuity account values based on underlying mutual funds for certain reinsurance contracts that guarantee minimum death benefits (“GMDB”). During the first quarter of 2011, the Company expanded this hedge program to include a portion (approximately one-quarter) of the equity market exposures associated with its GMIB business (“GMDB and GMIB equity hedge program”). The Company also implemented a dynamic hedge program to reduce the exposure to changes in interest rate levels on the growth rate for approximately one-third of its GMDB and one-quarter of its GMIB businesses (“GMDB and GMIB growth interest rate hedge program”). These hedge programs are dynamic because the Company will regularly rebalance the hedging instruments within established parameters as equity and interest rate exposures of these businesses change.

The Company manages these hedge programs using exchange-traded equity, foreign currency, and interest rate futures contracts, as well as interest rate swap contracts. These contracts are generally expected to rise in value as equity markets and interest rates decline, and decline in value as equity markets and interest rates rise.

Accounting policy. These hedge programs are not designated as accounting hedges. Although these hedge programs effectively reduce equity market, foreign currency, and interest rate exposures, changes in the fair values of these futures and swap contracts may not exactly offset changes in the portions of the GMDB and GMIB liabilities covered by these hedges, in part because the market does not offer contracts that exactly match the targeted exposure profile. Changes in fair value of these futures contracts, as well as interest income and interest expense relating to the swap contracts are reported in other revenues. The fair values of the interest rate swaps are reported in other assets and other liabilities. Amounts reflecting corresponding changes in liabilities for GMDB contracts are included in benefits and expenses.

Cash flows. The Company receives or pays cash daily in the amount of the change in fair value of the futures contracts. The Company periodically exchanges cash flows between variable and fixed interest rates under the interest rate swap contracts. Cash flows relating to these contracts are included in operating activities.

Volume of activity. The notional value of the equity and currency futures contracts used in the GMDB and GMIB equity hedge program was $994 million as of December 31, 2011, and $878 million as of December 31, 2010. Equity futures consist primarily of S&P 500, S&P 400, Russell 2000, NASDAQ, TOPIX (Japanese), EUROSTOXX and FTSE (British) equity indices. Currency futures consist of Euros, Japanese yen and British pounds. The notional value of the interest rate swaps used in the GMDB and GMIB growth interest rate hedge program was $240 million as of December 31, 2011. The notional value was $29 million for U.S. Treasury and $598 million for Eurodollar interest rate futures contracts used by this program as of December 31, 2011.

The following tables provide the effect of these derivative instruments on the financial statements for the indicated periods:

Fair Value Effect on the Financial Statements *(In millions)*

	Other Revenues	
	For the years ended December 31,	
	2011	2010
Equity and currency futures for GMDB exposures	$ (45)	$ (157)

Equity and currency futures for GMIB exposures		4		
TOTAL EQUITY AND CURRENCY FUTURES	**$**	**(41)**	**$**	**(157)**

Back to Contents

	Other assets, including other intangibles		Other Revenues	
	As of		For the year ended	
	December 31, 2011		December 31, 2011	
Interest rate swaps	$	33	$	39
Interest rate futures [1]		-		(2)
TOTAL INTEREST RATE SWAPS AND FUTURES	**$**	**33**	**$**	**37**
Interest rate derivatives for GMDB exposures			$	31
Interest rate derivatives for GMIB exposures				6
TOTAL INTEREST RATE SWAPS AND FUTURES			**$**	**37**

(1) Balance sheet presentation of amounts receivable or payable relating to futures daily variation margin are not fair values and are excluded from this table.

See Notes 6 and 10 for further details regarding these businesses.

Derivative instruments used in the Company's investment risk management

Derivative financial instruments are also used by the Company as a part of its investment strategy 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 (such as paying claims, investment returns and withdrawals). Derivatives are typically used in this strategy to minimize interest rate and foreign currency risks.

Investment Cash Flow Hedges

Purpose. The Company uses interest rate, foreign currency, and combination (interest rate and foreign currency) swap contracts to hedge the interest and/or foreign currency cash flows of its fixed maturity bonds to match associated insurance liabilities.

Accounting policy. Using cash flow hedge accounting, fair values are reported in other long-term investments or other liabilities and accumulated other comprehensive income and amortized into net investment income or reported in other realized investment gains and losses as interest or principal payments are received. Net interest cash flows are reported in operating activities.

Cash flows. Under the terms of these various contracts, the Company periodically exchanges cash flows between variable and fixed interest rates and/or between two currencies for both principal and interest. Foreign currency swaps are primarily Euros, Australian dollars, Canadian dollars, Japanese yen, and British pounds, and have terms for periods of up to 10 years.

Volume of activity. The following table provides the notional values of these derivative instruments for the indicated periods:

Instrument	Notional Amount *(In millions)* As of December 31, 2011	2010
Interest rate swaps	$ 134	$ 153
Foreign currency swaps	134	159
Combination interest rate and foreign currency swaps	64	64
TOTAL	**$ 332**	**$ 376**

Back to Contents

The following table provides the effect of these derivative instruments on the financial statements for the indicated periods:

Fair Value Effect on the Financial Statements *(In millions)*

Instrument	Other Long-Term Investments		Accounts Payable, Accrued Expenses and Other Liabilities		Gain (Loss) Recognized in Other Comprehensive Income (1)	
	As of December 31,		As of December 31,		For the years ended December 31,	
	2011	2010	2011	2010	2011	2010
Interest rate swaps	$ 7	$ 10	$ -	$ -	$ (3)	$ 2
Foreign currency swaps	3	6	19	20	(1)	10
Combination interest rate and foreign currency swaps	-	-	11	12	1	(7)
TOTAL	**$ 10**	**$ 16**	**$ 30**	**$ 32**	**$ (3)**	**$ 5**

(1) Other comprehensive income for foreign currency swaps excludes amounts required to adjust future policy benefits for the run-off settlement annuity business.

For the years ended December 31, 2011 and 2010, the amount of gains (losses) reclassified from accumulated other comprehensive income into income was not material. No gains (losses) were recognized due to ineffectiveness and there were no amounts excluded from the assessment of hedge ineffectiveness.

NOTE 13 Variable Interest Entities

When the Company becomes involved with a variable interest entity and when the nature of the Company's involvement with the entity changes, in order to determine if the Company is the primary beneficiary and must consolidate the entity, it evaluates:

- the structure and purpose of the entity;
- the risks and rewards created by and shared through the entity; and
- the entity's participants' ability to direct its activities, receive its benefits and absorb its losses. Participants include the entity's sponsors, equity holders, guarantors, creditors and servicers.

In the normal course of its investing activities, the Company makes passive investments in securities that are issued by variable interest entities for which the Company is not the sponsor or manager. These investments are predominantly asset-backed securities primarily collateralized by foreign bank obligations or mortgage-backed securities. The asset-backed securities largely represent fixed-rate debt securities issued by trusts that hold perpetual floating-rate subordinated notes issued by foreign banks. The mortgage-backed securities represent senior interests in pools of commercial or residential mortgages created and held by special-purpose entities to provide investors with diversified exposure to these assets. The Company owns senior securities issued by several entities and receives fixed-rate cash flows from the underlying assets in the pools. The Company is not the primary beneficiary and does not consolidate any of these entities because either:

- it had no power to direct the activities that most significantly impact the entities' economic performance; or

- it had neither the right to receive benefits nor the obligation to absorb losses that could be significant to these variable interest entities.

The Company has not provided, and does not intend to provide, financial support to these entities. The Company performs ongoing qualitative analyses of its involvement with these variable interest entities to determine if consolidation is required. The Company's maximum potential exposure to loss related to these entities is limited to the carrying amount of its investment reported in fixed maturities and equity securities, and its aggregate ownership interest is insignificant relative to the total principal amount issued by these entities.

Back to Contents

NOTE 14 Investment Income and Gains and Losses

A. Net Investment Income

The components of pre-tax net investment income for the years ended December 31 were as follows:

(In millions)	**2011**	**2010**	**2009**
Fixed maturities	$ 817	$ 788	$ 748
Equity securities	6	6	7
Commercial mortgage loans	218	221	223
Policy loans	86	90	92
Real estate	(2)	(2)	(1)
Other long-term investments	48	29	(30)
Short-term investments and cash	10	11	10
	1,183	1,143	1,049
Less investment expenses	37	38	35
NET INVESTMENT INCOME	**$ 1,146**	**$ 1,105**	**$ 1,014**

Net investment income for separate accounts (which is not reflected in the Company's revenues) was $207 million for 2011, $163 million for 2010, and $22 million for 2009.

B. Realized Investment Gains and Losses

The following realized gains and losses on investments for the years ended December 31 exclude amounts required to adjust future policy benefits for the run-off settlement annuity business.

(In millions)	**2011**	**2010**	**2009**
Fixed maturities	$ 50	$ 87	$ 2
Equity securities	(1)	5	12
Commercial mortgage loans	(16)	(23)	(20)
Real estate	(6)	3	-
Other investments, including derivatives	35	3	(37)
Realized investment gains (losses), before income taxes	62	75	(43)
Less income taxes (benefits)	21	25	(17)
NET REALIZED INVESTMENT GAINS (LOSSES)	**$ 41**	**$ 50**	**$ (26)**

Included in pre-tax realized investment gains (losses) above were asset write-downs and changes in valuation reserves as follows:

(In millions)	**2011**	**2010**	**2009**
Credit related [1]	$ 28	$ 38	$ 93
Other	25	1	13
TOTAL [2]	**$ 53**	**$ 39**	**$ 106**

(1) Credit-related losses include other-than-temporary declines in fair value of fixed maturities and equity securities, and changes in valuation reserves and asset write-downs related to commercial mortgage loans and investments in real estate entities. The amount related to credit losses on fixed maturities for which a portion of the impairment was recognized in other comprehensive income were immaterial.

(2) Other-than-temporary impairments on fixed maturities of $26 million in 2011 and $47 million in 2009 are included in both the credit-related and other categories above. Other-than-temporary impairments on fixed maturities in 2010 were immaterial.

Back to Contents

The Company recognized pre-tax losses of $7 million in 2011, compared with pre-tax gains of $7 million in 2010 and $13 million in 2009 on hybrid securities.

Realized investment gains in 2011 in other investments, including derivatives, primarily represent gains on sale of real estate properties held in joint ventures. Realized investment losses in 2009 in other investments, including derivatives, primarily represent impairments of real estate entities.

Realized investment gains and (losses) that are not reflected in the Company's revenues for the years ended December 31 were as follows:

(In millions)	**2011**	**2010**	**2009**
Separate accounts	$ 210	$ 191	$ (25)
Investment gains required to adjust future policy benefits for the run-off settlement annuity business	$ 8	$ 18	$ 51

Sales information for available-for-sale fixed maturities and equity securities, for the years ended December 31 were as follows:

(In millions)	**2011**	**2010**	**2009**
Proceeds from sales	$ 876	$ 826	$ 949
Gross gains on sales	$ 53	$ 46	$ 51
Gross losses on sales	$ (7)	$ (3)	$ (9)

Back to Contents

NOTE 15 Debt

(In millions)		**2011**		**2010**
Short-term:				
Commercial paper	$	100	$	100
Current maturities of long-term debt		4		452
TOTAL SHORT-TERM DEBT	**$**	**104**	**$**	**552**
Long-term:				
Uncollateralized debt:				
2.75% Notes due 2016	$	600	$	-
5.375% Notes due 2017		250		250
6.35% Notes due 2018		131		131
8.5% Notes due 2019		251		251
4.375% Notes due 2020		249		249
5.125% Notes due 2020		299		299
6.37% Notes due 2021		78		78
4.5% Notes due 2021		298		-
4% Notes due 2022		743		-
7.65% Notes due 2023		100		100
8.3% Notes due 2023		17		17
7.875% Debentures due 2027		300		300
8.3% Step Down Notes due 2033		83		83
6.15% Notes due 2036		500		500
5.875% Notes due 2041		298		-
5.375% Notes due 2042		750		-
Other		43		30
TOTAL LONG-TERM DEBT	**$**	**4,990**	**$**	**2,288**

On November 10, 2011, the Company issued $2.1 billion of long-term debt as follows: $600 million of 5-Year Notes due November 15, 2016 at a stated interest rate of 2.75% ($600 million, net of discount, with an effective interest rate of 2.936% per year), $750 million of 10-Year Notes due February 15, 2022 at a stated interest rate of 4% ($743 million, net of discount, with an effective interest rate of 4.346% per year) and $750 million of 30-Year Notes due February 15, 2042 at a stated interest rate of 5.375% ($750 million, net of discount, with an effective interest rate of 5.542% per year). Interest is payable on May 15 and November 15 of each year beginning May 15, 2012 for the 5-Year Notes and February 15 and August 15 of each year beginning February 15, 2012 for the 10-Year and 30-Year Notes. The proceeds of this debt were used to fund the HealthSpring acquisition in January 2012.

The Company may redeem these Notes, at any time, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or

- the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 30 basis points (5-Year 2.75% Notes due 2016), 35 basis points (10-Year 4% Notes due 2022), or 40 basis points (30-Year 5.375% Notes due 2042).

In June 2011, the Company entered into a new five-year revolving credit and letter of credit agreement for $1.5 billion, which permits up to $500 million to be used for letters of credit. This agreement is diversified among 16 banks, with 3 banks each having 12% of the commitment and the remaining 13 banks with 64% of the commitment. The credit agreement includes options that are subject to consent by the administrative agent and the committing banks, to increase the commitment amount to $2 billion and to extend the term past June 2016. The credit agreement is available for general corporate purposes, including as a commercial paper backstop and for the issuance of letters of credit. This agreement includes certain covenants, including a financial covenant requiring the Company to maintain a total debt to adjusted capital ratio at or below 0.50 to 1.00. As of December 31, 2011, the Company had $4 billion of borrowing capacity within the maximum debt coverage covenant in the agreement in addition to the $5.1 billion of debt outstanding. There were letters of credit of $118 million issued as of December 31, 2011.

Back to Contents

In March 2011, the Company issued $300 million of 10-Year Notes due March 15, 2021 at a stated interest rate of 4.5% ($298 million, net of discount, with an effective interest rate of 4.683% per year) and $300 million of 30-Year Notes due March 15, 2041 at a stated interest rate of 5.875% ($298 million, net of discount, with an effective interest rate of 6.008% per year). Interest is payable on March 15 and September 15 of each year beginning September 15, 2011. The proceeds of this debt were used for general corporate purposes, including the repayment of debt maturing in 2011.

The Company may redeem these Notes, at any time, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or

- the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 20 basis points (10-Year 4.5% Notes due 2021) or 25 basis points (30-Year 5.875% Notes due 2041).

During 2011, the Company repaid $449 million in maturing long-term debt.

In the fourth quarter of 2010, the Company entered into the following transactions related to its long-term debt:

- In December 2010 the Company offered to settle its 8.5% Notes due 2019, including accrued interest from November 1 through the settlement date. The tender price equaled the present value of the remaining principal and interest payments on the Notes being redeemed, discounted at a rate equal to the 10-year Treasury Rate plus a fixed spread of 100 basis points. The tender offer priced at a yield of 4.128% and principal of $99 million was tendered, with $251 million remaining outstanding. The Company paid $130 million, including accrued interest and expenses, to settle the Notes, resulting in an after-tax loss on early debt extinguishment of $21 million.

- In December 2010 the Company offered to settle its 6.35% Notes due 2018, including accrued interest from September 16 through the settlement date. The tender price equaled the present value of the remaining principal and interest payments on the Notes being redeemed, discounted at a rate equal to the 10-year Treasury Rate plus a fixed spread of 45 basis points. The tender offer priced at a yield of 3.923% and principal of $169 million was tendered, with $131 million remaining outstanding. The Company paid $198 million, including accrued interest and expenses, to settle the Notes, resulting in an after-tax loss on early debt extinguishment of $18 million.

- In December 2010, the Company issued $250 million of 4.375% Notes ($249 million net of debt discount, with an effective interest rate of 5.1%). The difference between the stated and effective interest rates primarily reflects the effect of treasury locks. See Note 12 to the Consolidated Financial Statements for further information. Interest is payable on June 15 and December 15 of each year beginning December 15, 2010. These Notes will mature on December 15, 2020. The proceeds of this debt were used to fund the tender offer for the 8.5% Senior Notes due 2019 and the 6.35% Senior Notes due 2018 described above.

In May 2010, the Company issued $300 million of 5.125% Notes ($299 million, net of debt discount, with an effective interest rate of 5.36% per year). Interest is payable on June 15 and December 15 of each year beginning December 15, 2010. These Notes will mature on June 15, 2020. The proceeds of this debt were used for general corporate purposes.

The Company may redeem the Notes issued in 2010 at any time, in whole or in part, at a redemption price equal to the greater of:

•

100% of the principal amount of the Notes to be redeemed; or

•

the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 25 basis points.

Maturities of debt and capital leases are as follows (in millions): $4 in 2012, $6 in 2013, $23 in 2014, none in 2015, $600 in 2016 and the remainder in years after 2016. Interest expense on long-term debt, short-term debt and capital leases was $202 million in 2011, $182 million in 2010, and $166 million in 2009.

Back to Contents

NOTE 16 Common and Preferred Stock

As of December 31, the Company had issued the following shares:

(Shares in thousands)	**2011**	**2010**
Common: Par value $0.25		
600,000 shares authorized		
Outstanding - January 1	271,880	274,257
Issuance of Common Stock	15,200	-
Issued for stock option and other benefit plans	3,735	3,805
Repurchase of common stock	(5,282)	(6,182)
Outstanding - December 31	285,533	271,880
Treasury stock	80,612	79,066
ISSUED - DECEMBER 31	**366,145**	**350,946**

On November 16, 2011, the Company issued 15.2 million shares of its common stock at $42.75 per share. Proceeds of $650 million ($629 million net of underwriting discount and fees) were used to fund the HealthSpring acquisition in January 2012.

The Company maintains a share repurchase program, which was authorized by its Board of Directors. The decision to repurchase shares depends on market conditions and alternative uses of capital. The Company has, and may continue from time to time, to repurchase shares on the open market through a Rule 10b5-1 plan that permits a company to repurchase its shares at times when it otherwise might be precluded from doing so under insider trading laws or because of self-imposed trading blackout periods.

During 2011, and through February 23, 2012, the Company repurchased 5.3 million shares for approximately $225 million. The total remaining share repurchase authorization as of February 23, 2012 was $522 million. The Company repurchased 6.2 million shares for $201 million during 2010.

The Company has authorized a total of 25 million shares of $1 par value preferred stock. No shares of preferred stock were outstanding at December 31, 2011 or 2010.

Back to Contents

NOTE 17 Accumulated Other Comprehensive Income (Loss)

Accumulated other comprehensive income (loss) excludes amounts required to adjust future policy benefits for the run-off settlement annuity business.

Changes in accumulated other comprehensive income (loss) were as follows:

2011						
(In millions)		**Pre-Tax**		**Tax (Expense) Benefit**		**After-Tax**
Net unrealized appreciation, securities:						
Net unrealized appreciation on securities arising during the year	$	366	$	(127)	$	239
Reclassification adjustment for losses (gains) included in shareholders' net income		(49)		18		(31)
Net unrealized appreciation, securities	**$**	**317**	**$**	**(109)**	**$**	**208**
Net unrealized appreciation, derivatives	**$**	**1**	**$**	**-**	**$**	**1**
Net translation of foreign currencies	**$**	**(30)**	**$**	**2**	**$**	**(28)**
Postretirement benefits liability adjustment:						
Reclassification adjustment for amortization of net losses from past experience and prior service costs	$	22	$	(7)	$	15
Net change arising from assumption and plan changes and experience		(580)		205		(375)
Net postretirement benefits liability adjustment	$	(558)	$	198	$	(360)

2010						
(In millions)		**Pre-Tax**		**Tax (Expense) Benefit**		**After-Tax**
Net unrealized appreciation, securities:						
Net unrealized appreciation on securities arising during the year	$	319	$	(109)	$	210
Reclassification adjustment for (gains) included in net income		(92)		32		(60)
Net unrealized appreciation, securities	**$**	**227**	**$**	**(77)**	**$**	**150**
Net unrealized appreciation, derivatives	**$**	**8**	**$**	**(2)**	**$**	**6**
Net translation of foreign currencies	**$**	**48**	**$**	**(11)**	**$**	**37**
Postretirement benefits liability adjustment:						
Reclassification adjustment for amortization of net losses from past experience and prior service	$	10	$	(4)	$	6

costs						
Net change arising from assumption and plan changes and experience		(311)		116		(195)
Net postretirement benefits liability adjustment	$	(301)	$	112	$	(189)

Back to Contents

2009		**Tax (Expense)**	
(In millions)	**Pre-Tax**	**Benefit**	**After-Tax**
Net unrealized appreciation, securities:			
Net unrealized appreciation on securities arising during the year	$ 843	$ (292)	$ 551
Reclassification adjustment for (gains) included in net income	(14)	3	(11)
Net unrealized appreciation, securities	**$ 829**	**$ (289)**	**$ 540**
Net unrealized depreciation, derivatives	**$ (30)**	**$ 13**	**$ (17)**
Net translation of foreign currencies	**$ 76**	**$ (28)**	**$ 48**
Postretirement benefits liability adjustment:			
Reclassification adjustment for amortization of net losses from past experience and prior service costs	$ 7	$ (3)	$ 4
Curtailment gain	(46)	16	(30)
Reclassification adjustment included in shareholders’ net income	(39)	13	(26)
Net change arising from assumption and plan changes and experience	(107)	36	(71)
Net postretirement benefits liability adjustment	$ (146)	$ 49	$ (97)

NOTE 18 Shareholders’ Equity and Dividend Restrictions

State insurance departments and foreign jurisdictions that regulate certain of the Company’s subsidiaries prescribe accounting practices (which differ in some respects from GAAP) to determine statutory net income and surplus. The Company’s life insurance and HMO company subsidiaries are regulated by such statutory requirements. The statutory net income for the years ended, and statutory surplus as of, December 31 of the Company’s life insurance and HMO subsidiaries were as follows:

(In millions)	**2011**	**2010**	**2009**
Net income	$ 953	$ 1,697	$ 1,088
Surplus	$ 5,286	$ 5,107	$ 4,728

As of December 31, 2011, statutory surplus for each of the Company’s life insurance and HMO subsidiaries is sufficient to meet the minimum required by regulators. As of December 31, 2011, the Company’s life insurance and HMO subsidiaries had investments on deposit with state departments of insurance with statutory carrying values of $306 million. The Company’s life insurance and HMO subsidiaries are also subject to regulatory restrictions that limit the amount of annual dividends or other distributions (such as loans or cash advances) insurance companies may extend to the parent company without prior approval of regulatory authorities. The maximum dividend distribution that the Company’s life insurance and HMO subsidiaries may make during 2012 without prior approval is approximately $0.9 billion. Restricted net assets of the Company as of December 31, 2011, were approximately $7.2 billion. One of the Company’s life insurance subsidiaries is permitted to loan up to $600 million to the parent company without prior approval.

Back to Contents

NOTE 19 Income Taxes

A. Income Tax Expense

The components of income taxes for the years ended December 31 were as follows:

(In millions)	**2011**	**2010**	**2009**
Current taxes			
U.S. income	$ 320	$ 267	$ 211
Foreign income	58	45	48
State income	20	19	16
	398	331	275
Deferred taxes (benefits)			
U.S. income	198	182	279
Foreign income	43	15	39
State income	1	(7)	1
	242	190	319
TOTAL INCOME TAXES	**$ 640**	**$ 521**	**$ 594**

Total income taxes for the years ended December 31 were different from the amount computed using the nominal federal income tax rate of 35% for the following reasons:

(In millions)	**2011**	**2010**	**2009**
Tax expense at nominal rate	$ 689	$ 655	$ 664
Tax-exempt interest income	(29)	(31)	(31)
Effect of permanently invested foreign earnings	(23)	(31)	(23)
Dividends received deduction	(4)	(3)	(3)
Resolution of federal tax matters	(30)	-	(27)
State income tax (net of federal income tax benefit)	14	9	12
Change in valuation allowance	4	(94)	(2)
Other	19	16	4
TOTAL INCOME TAXES	**$ 640**	**$ 521**	**$ 594**

Effect of Permanently Invested Foreign Earnings

The Company accrues income taxes on certain undistributed earnings of its South Korea and Hong Kong subsidiaries using the foreign jurisdiction tax rates, as compared to the higher U.S. statutory tax rate. These undistributed earnings include those amounts which management has determined to be permanently invested overseas. The Company continues to evaluate this permanent investment strategy for additional foreign jurisdictions.

As a result, shareholders' net income for the year ended December 31, 2011, increased by $23 million that included $19 million attributable to South Korea and $4 million for Hong Kong. Shareholders' net income increased by $31 million in 2010 and $23 million in 2009 from using this method to record income taxes. The 2010 increase included $20 million attributable to South Korea and $11 million for Hong Kong, while the 2009 increase was all attributable to South Korea. Permanent investment of earnings from these foreign operations has resulted in cumulative unrecognized deferred tax liabilities of $77 million through December 31, 2011.

Back to Contents

B. Deferred Income Taxes

Deferred income tax assets and liabilities as of December 31 are shown below.

(In millions)	**2011**	**2010**
Deferred tax assets		
Employee and retiree benefit plans	$ 829	$ 746
Investments, net	108	100
Other insurance and contractholder liabilities	443	391
Deferred gain on sale of businesses	46	58
Policy acquisition expenses	140	143
Loss carryforwards	8	76
Other accrued liabilities	109	107
Bad debt expense	17	18
Other	37	37
Deferred tax assets before valuation allowance	1,737	1,676
Valuation allowance for deferred tax assets	(42)	(23)
Deferred tax assets, net of valuation allowance	1,695	1,653
Deferred tax liabilities		
Depreciation and amortization	377	314
Foreign operations, net	289	267
Unrealized appreciation on investments and foreign currency translation	397	290
Total deferred tax liabilities	1,063	871
NET DEFERRED INCOME TAX ASSETS	**$ 632**	**$ 782**

Management believes consolidated taxable income expected to be generated in the future will be sufficient to support realization of the Company's net deferred tax assets. This determination is based upon the Company's consistent overall earnings history and future earnings expectations. Other than deferred tax benefits attributable to operating loss carryforwards, a majority of which were recognized during 2011, there are no time constraints within which the Company's deferred tax assets must be realized.

The Company's deferred tax asset is net of a federal, state, and beginning in 2011, a foreign valuation allowance. The foreign valuation allowance of $15 million was recorded in connection with the Company's acquisition of FirstAssist, though had minimal impact of shareholder's net income. The valuation allowance reflects management's assessment that certain deferred tax assets may not be realizable.

C. Uncertain Tax Positions

A reconciliation of unrecognized tax benefits for the years ended December 31 is as follows:

(In millions)		**2011**		**2010**		**2009**
Balance at January 1,	$	177	$	214	$	164
Increase (decrease) due to prior year positions		(113)		(55)		5
Increase due to current year positions		7		34		76
Reduction related to settlements with taxing authorities		(17)		(13)		(28)
Reduction related to lapse of applicable statute of limitations		(2)		(3)		(3)
BALANCE AT DECEMBER 31,	**$**	**52**	**$**	**177**	**$**	**214**

Back to Contents

Unrecognized tax benefits decreased during 2011 due primarily to completion of the 2007 and 2008 IRS examination.

The December 31, 2011 unrecognized tax benefit balance included $21 million that would increase shareholders' net income if recognized. The Company has determined it at least reasonably possible that within the next twelve months there could be a significant increase in the level of unrecognized tax benefits should there be adverse developments relative to certain IRS specific matters. These changes are not expected to have a material impact on shareholders' net income.

The Company classifies net interest expense on uncertain tax positions and any applicable penalties as a component of income tax expense, but excludes these amounts from the liability for uncertain tax positions. The Company's liability for net interest and penalties was $2 million at December 31, 2011, $14 million at December 31, 2010 and $13 million at December 31, 2009. The 2011 decline included $11 million associated with the completion of the 2007 and 2008 IRS examinations.

During the first quarter of 2011, the IRS completed its examination of the Company's 2007 and 2008 consolidated federal income tax returns, resulting in an increase to shareholders' net income of $24 million ($33 million reported in income tax expense, partially offset by a $9 million pre-tax charge). The increase in shareholders' net income included a reduction in net unrecognized tax benefits of $11 million and a reduction of interest expense of $11 million (reported in income tax expense).

During the first quarter of 2009, the IRS completed its examination of the Company's 2005 and 2006 consolidated federal income tax returns, resulting in an increase to shareholders' net income of $21 million ($20 million in continuing operations and $1 million in discontinued operations). The increase reflected a reduction in net unrecognized tax benefits of $8 million, ($17 million reported in income tax expense, partially offset by a $9 million pre-tax charge) and a reduction of interest and penalties of $13 million (reported in income tax expense).

D. Federal Income Tax Examinations, Litigation and Other Matters

The Company has a continuing dispute with the IRS for tax years 2004 through 2006 concerning the appropriate reserve methodology for certain reinsurance contracts. Trial was held before the United States Tax Court for the 2004 tax year in September 2011; the Court's decision is expected in 2012. Prior to trial, the IRS conceded the adjustments, but did not agree with the Company's reserve methodology. Though the IRS concession was a favorable development, that significantly limits exposure, the Company has continued to pursue the litigation in order to establish that its methodology is appropriate and can be applied prospectively. The IRS raised the same issue in its audit of the Company's 2005 and 2006 tax returns. As a result, the Company filed a petition with the United States Tax Court for these years on September 19, 2011. The Company continues to believe that it will prevail in both the 2004 and 2005-2006 litigation.

During the fourth quarter of 2011, the IRS issued a notice of deficiency relating to the 2007 and 2008 tax years. The Company disagrees with such IRS action. On January 11, 2012 the Company filed a petition in the United States Tax Court and believes that the ultimate outcome will not impact results of operations or liquidity.

The IRS is expected to begin examination of the Company's 2009 and 2010 consolidated federal income tax returns in early 2012. The Company conducts business in numerous states and foreign jurisdictions, and may be engaged in multiple audit proceedings at any given time. Generally, no further state or foreign audit activity for years prior to 2004 is expected.

The Patient Protection & Affordable Care Act, including the Reconciliation Act of 2010, included provisions limiting the tax deductibility of certain future retiree benefit and compensation related payments. The effect of these provisions reduced shareholders’ net income in 2011 by $8 million. The Company will continue to evaluate the tax effect of these provisions.

Back to Contents

NOTE 20 Employee Incentive Plans

The People Resources Committee ("the Committee") of the Board of Directors awards stock options, restricted stock, deferred stock and, beginning in 2010, strategic performance shares to certain employees. To a very limited extent, the Committee has issued common stock instead of cash compensation and dividend equivalent rights as part of restricted and deferred stock units. The Company issues shares from Treasury stock for option exercises, awards of restricted stock and payment of deferred and restricted stock units.

Compensation cost and related tax benefits for these awards were as follows:

(In millions)	**2011**	**2010**	**2009**
Compensation cost	$ 61	$ 49	$ 42
Tax benefits	$ 14	$ 12	$ 15

The Company had the following number of shares of common stock available for award at December 31: 11.7 million in 2011, 7.5 million in 2010 and 23.3 million in 2009.

Stock options. The Company awards options to purchase the Company's common stock at the market price of the stock on the grant date. Options vest over periods ranging from one to five years and expire no later than 10 years from grant date.

The table below shows the status of, and changes in, common stock options during the last three years:

	2011		**2010**		**2009**	
(Options in thousands)	**Options**	**Weighted Average Exercise Price**	**Options**	**Weighted Average Exercise Price**	**Options**	**Weighted Average Exercise Price**
Outstanding - January 1	12,093	$ 31.10	13,751	$ 29.34	12,258	$ 35.48
Granted	1,546	$ 42.36	1,846	$ 34.64	4,709	$ 14.15
Exercised	(3,480)	$ 27.93	(2,565)	$ 24.31	(1,167)	$ 25.32
Expired or canceled	(578)	$ 33.61	(939)	$ 30.86	(2,049)	$ 33.42
Outstanding - December 31	9,581	$ 33.92	12,093	$ 31.10	13,751	$ 29.34
Options exercisable at year-end	6,147	$ 34.94	7,656	$ 34.42	8,578	$ 33.53

Compensation expense of $18 million related to unvested stock options at December 31, 2011 will be recognized over the next two years (weighted average period).

The table below summarizes information for stock options exercised during the last three years:

(In millions)	**2011**	**2010**	**2009**

Intrinsic value of options exercised	$ 53	$ 30	$ 7
Cash received for options exercised	$ 97	$ 62	$ 30
Excess tax benefits realized from options exercised	$ 10	$ 5	$ -

The following table summarizes information for outstanding common stock options at December 31, 2011:

(Dollars in millions, except per share amounts)	**Options Outstanding**	**Options Exercisable**
Number *(in thousands)*	9,581	6,147
Total intrinsic value	$ 91	$ 56
Weighted average exercise price	$ 33.92	$ 34.94
Weighted average remaining contractual life	6.1 years	4.9 years

Back to Contents

The weighted average fair value of options granted under employee incentive plans was $13.96 for 2011, $11.56 for 2010 and $4.6 for 2009, using the Black-Scholes option-pricing model and the following assumptions:

	2011	2010	2009
Dividend yield	0.1%	0.1%	0.3%
Expected volatility	40.0%	40.0%	40.0%
Risk-free interest rate	1.7%	1.9%	1.6%
Expected option life	4 years	4 years	4 years

The expected volatility reflects the Company's past daily stock price volatility. The Company does not consider volatility implied in the market prices of traded options to be a good indicator of future volatility because remaining maturities of traded options are less than one year. The risk-free interest rate is derived using the four-year U.S. Treasury bond yield rate as of the award date for the primary grant. Expected option life reflects the Company's historical experience.

Restricted stock. The Company awards restricted stock to its employees or directors with vesting periods ranging from two to five years. These awards are generally in one of two forms: restricted stock grants or restricted stock units. Restricted stock grants are the most widely used form of restricted stock awards and are used for substantially all U.S.-based employees receiving such awards. Recipients of restricted stock grants are entitled to earn dividends and to vote during the vesting period, but forfeit their awards if their employment terminates before the vesting date. Awards of restricted stock units are generally limited to international employees. A restricted stock unit represents a right to receive a common share of stock when the unit vests. Recipients of restricted stock units are entitled to receive hypothetical dividends, but cannot vote during the vesting period. They forfeit their units if their employment terminates before the vesting date.

The table below shows the status of, and changes in, restricted stock grants and units during the last three years:

(Awards in thousands)	2011 Grants/Units	2011 Weighted Average Fair Value at Award Date	2010 Grants/Units	2010 Weighted Average Fair Value at Award Date	2009 Grants/Units	2009 Weighted Average Fair Value at Award Date
Outstanding - January 1	4,306	$ 27.70	4,113	$ 27.65	2,347	$ 40.53
Awarded	945	$ 42.62	1,155	$ 34.63	2,678	$ 18.14
Vested	(564)	$ 42.79	(541)	$ 40.87	(557)	$ 32.00
Forfeited	(441)	$ 28.99	(421)	$ 29.28	(355)	$ 33.79
OUTSTANDING - DECEMBER 31	**4,246**	**$ 28.88**	**4,306**	**$ 27.70**	**4,113**	**$ 27.65**

The fair value of vested restricted stock was: $24 million in 2011, $18 million in 2010 and $10 million in 2009.

At the end of 2011, approximately 2,900 employees held 4.2 million restricted stock grants and units with $66 million of related compensation expense to be recognized over the next three years (weighted average period).

Strategic Performance Shares. The Company awards strategic performance shares to its executives generally with a performance period of three years. Strategic performance shares are divided into two broad groups: 50% are subject to a market condition (total shareholder return relative to industry peer companies) and 50% are subject to a performance conditions (revenue growth and cumulative adjusted net income). These targets are set by the Committee. At the end of the performance period, holders of strategic performance shares will be awarded anywhere from 0 to 200% of the original grant of strategic performance shares in Cigna common stock.

Back to Contents

The table below shows the status of, and changes in, strategic performance shares during 2011 and 2010:

(Awards in thousands)	**2011** Grants/Units		**2011** Weighted Average Fair Value at Award Date	**2010** Grants/Units		**2010** Weighted Average Fair Value at Award Date
Outstanding - January 1	430	$	34.73	-	$	-
Awarded	529	$	42.92	480	$	34.73
Vested	-	$	-	-	$	-
Forfeited	(125)	$	37.92	(50)	$	34.65
OUTSTANDING - DECEMBER 31	**834**	**$**	**39.45**	**430**	**$**	**34.73**

At the end of 2011, 67 employees held approximately 830,000 strategic performance shares and $19 million of related compensation expense expected to be recognized over the next two years. For strategic performance shares subject to a performance condition, the amount of expense may vary based on actual performance in 2012 and 2013.

NOTE 21 Leases, Rentals and Outsourced Service Arrangements

Rental expenses for operating leases, principally for office space, amounted to $115 million in 2011, $127 million in 2010 and $138 million in 2009. As of December 31, 2011, future net minimum rental payments under non-cancelable operating leases were approximately $547 million, payable as follows (in millions): $108 in 2012, $97 in 2013, $83 in 2014, $67 in 2015, $52 in 2016 and $140 thereafter.

The Company also has several outsourced service arrangements with third parties, primarily for human resource and information technology support services. The initial service periods under these arrangements range from seven to eight years and their related costs are reported consistent with operating leases over the service period based on the pattern of use. The Company recorded in other operating expense $116 million in 2011, $114 million in 2010 and $115 million in 2009 for these arrangements.

NOTE 22 Segment Information

The Company's operating segments generally reflect groups of related products, except for the International segment which is generally based on geography. In accordance with GAAP, operating segments that do not require separate disclosure were combined in "Other Operations". The Company measures the financial results of its segments using "segment earnings (loss)", which is defined as shareholders' income (loss) from continuing operations before after-tax realized investment results.

Consolidated pre-tax income from continuing operations is primarily attributable to domestic operations. Consolidated pre-tax income from continuing operations generated by the Company's foreign operations was approximately 15% in

2011, 13% in 2010 and 9% in 2009.

The Company determines segment earnings (loss) consistent with accounting policies used in preparing the consolidated financial statements, except that amounts included in Corporate are not allocated to segments. The Company allocates certain other operating expenses, such as systems and other key corporate overhead expenses, on systematic bases. Income taxes are generally computed as if each segment were filing a separate income tax return. The Company does not report total assets by segment since this is not a metric used to allocate resources or evaluate segment performance.

The Company presents segment information as follows:

Health Care offers insured and self-insured medical, dental, behavioral health, vision, and prescription drug benefit plans, health advocacy programs and other products and services that may be integrated to provide comprehensive health care benefit programs. Cigna HealthCare companies offer these products and services in all 50 states, the District of Columbia and the U.S. Virgin Islands. These products and services are offered through a variety of funding arrangements such as guaranteed cost, retrospectively experience-rated and administrative services only arrangements.

Disability and Life includes group disability, life, accident and specialty insurance.

International includes supplemental health, life and accident insurance products; and international health care products and services including those offered to individuals and globally mobile employees of multinational companies and organizations.

Back to Contents

Run-off Reinsurance is predominantly comprised of GMDB, GMIB, workers' compensation and personal accident reinsurance products. On December 31, 2010, the Company essentially exited from its workers' compensation and personal accident reinsurance business by purchasing retrocessional coverage from a Bermuda subsidiary of Enstar Group Limited and transferring the ongoing administration of this business to the reinsurer.

The Company also reports results in two other categories.

Other Operations consist of:

- corporate-owned life insurance ("COLI");
- deferred gains recognized from the 1998 sale of the individual life insurance and annuity business and the 2004 sale of the retirement benefits business; and
- run-off settlement annuity business.

Corporate reflects amounts not allocated to other segments, such as net interest expense (defined as interest on corporate debt less net investment income on investments not supporting segment operations), interest on uncertain tax positions, certain litigation matters, intersegment eliminations, compensation cost for stock options and certain corporate overhead expenses such as directors' expenses.

In 2010, the Company began reporting the expense associated with its frozen pension plans in Corporate. Prior periods were not restated as the effect on prior periods was not material.

Summarized segment financial information for the years ended December 31 was as follows:

(In millions)	**2011**	**2010**	**2009**
Health Care			
Premiums and fees:			
Medical:			
Guaranteed cost [1] [2]	$ 4,176	$ 3,929	$ 3,380
Experience-rated [2] [3]	1,934	1,823	1,699
Stop loss	1,451	1,287	1,274
Dental	894	804	731
Medicare	489	1,470	595
Medicare Part D	624	558	342
Other [4]	600	543	515
Total medical	10,168	10,414	8,536

Life and other non-medical		77		103		179
Total premiums		10,245		10,517		8,715
Fees [(2) (5)]		2,936		2,802		2,669
Total premiums and fees		13,181		13,319		11,384
Mail order pharmacy revenues		1,447		1,420		1,282
Other revenues		234		266		262
Net investment income		274		243		181
Segment revenues	$	15,136	$	15,248	$	13,109
Income taxes	$	556	$	476	$	399
Segment earnings	$	991	$	861	$	731

(1) Includes guaranteed cost premiums primarily associated with open access and commercial HMO, as well as other risk-related products.

(2) Premiums and/or fees associated with certain specialty products are also included.

(3) Includes minimum premium arrangements with a risk profile similar to experience-rated funding arrangements. The risk portion of minimum revenue is reported in experience-rated medical premium whereas the self funding portion of minimum premium revenue is recorded in fees. Also includes certain non-participating cases for which special customer level reporting of experience is required.

(4) Other medical premiums include risk revenue for specialty products.

(5) Represents administrative service fees for medical members and related specialty product fees for non-medical members as well as fees related to Medicare Part D of $61 million in 2011, $57 million in 2010 and $41 million in 2009.

Back to Contents

(In millions)		**2011**		**2010**		**2009**
Disability and Life						
Premiums and fees:						
Life	$	1,256	$	1,238	$	1,301
Disability		1,268		1,167		1,057
Other		256		262		276
Total		2,780		2,667		2,634
Other revenues		-		123		113
Net investment income		267		261		244
Segment revenues	$	3,047	$	3,051	$	2,991
Income taxes	$	109	$	120	$	109
Segment earnings	$	287	$	291	$	284
International						
Premiums and fees:						
Health Care	$	1,464	$	1,037	$	884
Supplemental Health, Life, and Accident		1,526		1,231		998
Total		2,990		2,268		1,882
Other revenues		27		31		22
Net investment income		96		82		69
Segment revenues	$	3,113	$	2,381	$	1,973
Income taxes	$	125	$	95	$	70
Equity in income of investees	$	14	$	14	$	11
Segment earnings	$	286	$	243	$	183
Run-off Reinsurance						
Premiums and fees and other revenues	$	20	$	(133)	$	(254)
Net investment income		103		114		113
Segment revenues	$	123	$	(19)	$	(141)
Income taxes (benefits)	$	(99)	$	(136)	$	93
Segment earnings (loss)	$	(183)	$	26	$	185
Other Operations						
Premiums and fees and other revenues	$	169	$	174	$	176
Net investment income		400		404		407
Segment revenues	$	569	$	578	$	583
Income taxes	$	29	$	39	$	31
Segment earnings	$	89	$	85	$	86
Corporate						

Other revenues and eliminations	$	(58)	$	(62)	$	(58)
Net investment income		6		1		-
Segment revenues	$	(52)	$	(61)	$	(58)
Income tax benefits	$	(101)	$	(98)	$	(91)
Segment loss	$	(184)	$	(211)	$	(142)
Realized investment gains (losses)						
Realized investment gains (losses)	$	62	$	75	$	(43)
Income taxes (benefits)		21		25		(17)
Realized investment gains (losses), net of taxes and noncontrolling interest	$	41	$	50	$	(26)
Total						
Premiums and fees and other revenues	$	19,343	$	18,653	$	16,161
Mail order pharmacy revenues		1,447		1,420		1,282
Net investment income		1,146		1,105		1,014
Realized investment gains (losses)		62		75		(43)
Total revenues	$	21,998	$	21,253	$	18,414
Income taxes	$	640	$	521	$	594
Segment earnings	$	1,286	$	1,295	$	1,327
Realized investment gains (losses), net of taxes and noncontrolling interest	$	41	$	50	$	(26)
Shareholders' income from continuing operations	$	1,327	$	1,345	$	1,301

Back to Contents

Premiums and fees, mail order pharmacy revenues and other revenues by product type were as follows for the years ended December 31:

(In millions)		**2011**		**2010**		**2009**
Medical	$	14,568	$	14,253	$	12,089
Disability		1,280		1,162		1,063
Supplemental Health, Life, and Accident		3,103		2,839		2,748
Mail order pharmacy		1,447		1,420		1,282
Other		392		399		261
TOTAL	**$**	**20,790**	**$**	**20,073**	**$**	**17,443**

Concentration of risk. For the Company's International segment, South Korea is the single largest geographic market. South Korea generated 31% of the segment's revenues and 51% of the segment's earnings in 2011. South Korea generated 32% of the segment's revenues and 49% of the segment's earnings in 2010. Due to the concentration of business in South Korea, the International segment is exposed to potential losses resulting from economic and geopolitical developments in that country, as well as foreign currency movements affecting the South Korean currency, which could have a significant impact on the segment's results and the Company's consolidated financial results.

NOTE 23 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 Primarily Associated with the Sold Retirement Benefits Business

Separate account assets are contractholder funds maintained in accounts with specific investment objectives. The Company records separate account liabilities equal to separate account assets. In certain cases, primarily associated with the sold retirement benefits business (which was sold in April 2004), the Company guarantees a minimum level of benefits for retirement and insurance contracts, written in separate accounts. The Company establishes an additional liability if management believes that the Company will be required to make a payment under these guarantees.

The Company guarantees that separate account assets will be sufficient to pay certain retiree or life 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. This percentage varies depending on the asset class within a sponsoring employer's portfolio (for example, a bond fund would require a lower percentage than a riskier equity fund) and thus will vary as the composition of the portfolio changes. If employers do not maintain the required levels of separate account assets, the Company or an affiliate of the buyer has the right to redirect the management of the related assets to provide for benefit payments. As of December 31, 2011, employers maintained assets that exceeded the benefit obligations. Benefit obligations under these arrangements were $1.7 billion as of December 31, 2011. As of December 31, 2011, approximately 75% of these guarantees are reinsured by an affiliate of the buyer of the retirement benefits business. The remaining guarantees are provided by the Company with minimal reinsurance from third parties. There were no additional liabilities required for these guarantees as of December 31, 2011. Separate account assets supporting these guarantees are classified in Levels 1 and 2 of the GAAP fair value hierarchy. See Note 10 for further information on the 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. Guaranteed Minimum Income Benefit Contracts

The Company's reinsurance operations, which were discontinued in 2000 and are now an inactive business in run-off mode, reinsured minimum income benefits under certain variable annuity contracts issued by other insurance companies. A contractholder can elect the guaranteed minimum income benefit ("GMIB") within 30 days of any eligible policy anniversary after a specified contractual waiting period. The Company's exposure arises when the guaranteed annuitization benefit exceeds the annuitization benefit based on the policy's current account value. At the time of annuitization, the Company pays the excess (if any) of the minimum benefit guaranteed under the contract over the benefit based on the current account value in a lump sum to the direct writing insurance company.

In periods of declining equity markets or declining interest rates, the Company's GMIB liabilities increase. Conversely, in periods of rising equity markets and rising interest rates, the Company's liabilities for these benefits decrease.

Back to Contents

The Company estimates the fair value of the GMIB assets and liabilities using assumptions for market returns and interest rates, volatility of the underlying equity and bond mutual fund investments, mortality, lapse, annuity election rates, non-performance risk, and risk and profit charges. See Note 10 for additional information on how fair values for these liabilities and related receivables for retrocessional coverage are determined.

The Company is required to disclose the maximum potential undiscounted future payments for GMIB contracts. Under these guarantees, the future payment amounts are dependent on equity and bond fund market and interest rate levels prior to and at the date of annuitization election, which must occur within 30 days of a policy anniversary, after the appropriate waiting period. Therefore, the future payments are not fixed and determinable under the terms of the contract. Accordingly, the Company has estimated the maximum potential undiscounted future payments using hypothetical adverse assumptions, defined as follows:

- no annuitants surrendered their accounts;
- all annuitants lived to elect their benefit;
- all annuitants elected to receive their benefit on the next available date (2012 through 2018); and
- all underlying mutual fund investment values remained at the December 31, 2011 value of $1.1 billion with no future returns.

The maximum potential undiscounted payments that the Company would make under those assumptions would aggregate $1.2 billion before reinsurance recoveries. The Company expects the amount of actual payments to be significantly less than this hypothetical undiscounted aggregate amount. The Company has retrocessional coverage in place from two external reinsurers which covers 55% of the exposures on these contracts. The Company bears the risk of loss if its retrocessionaires do not meet or are unable to meet their reinsurance obligations to the Company.

C. Certain Other Guarantees

The Company had indemnification obligations to lenders of up to $292 million as of December 31, 2011, related to borrowings by certain real estate joint ventures which the Company either records as an investment or consolidates. These borrowings, that are nonrecourse to the Company, are secured by the joint ventures' real estate properties with fair values in excess of the loan amounts and mature at various dates beginning in 2012 through 2021. The Company's indemnification obligations would require payment to lenders for any actual damages resulting from certain acts such as unauthorized ownership transfers, misappropriation of rental payments by others or environmental damages. Based on initial and ongoing reviews of property management and operations, the Company does not expect that payments will be required under these indemnification obligations. Any payments that might be required could be recovered through a refinancing or sale of the assets. In some cases, the Company also has recourse to partners for their proportionate share of amounts paid. There were no liabilities required for these indemnification obligations as of December 31, 2011.

As of December 31, 2011, the Company guaranteed that it would compensate the lessors for a shortfall of up to $44 million in the market value of certain leased equipment at the end of the lease. Guarantees of $28 million expire in 2012 and $16 million expire in 2016. The Company had liabilities for these guarantees of $14 million as of December 31, 2011.

The Company has agreements with certain banks that provide banking services to settle claim checks processed by the Company for Administrative Services Only ("ASO") and certain minimum premium customers. The customers are responsible for adequately funding their accounts as claim checks are presented for payment. Under these agreements, the Company guarantees that the banks will not incur a loss if a customer fails to properly fund its account. The amount of the guarantee fluctuates daily. As of December 31, 2011, the aggregate maximum exposure under these guarantees was approximately $390 million and there were no liabilities required. There were no material charges related to these guarantees for the twelve months ended December 31, 2011 and there were $3 million in after-tax charges for the same period in 2010. Through February 13, 2012, the exposure that existed at December 31, 2011 has been reduced by approximately 94% through customers' funding of claim checks when presented for payment. In addition, the Company can limit its exposure under these guarantees by suspending claim payments for any customer who has not adequately funded their bank account.

The Company contracts on an ASO basis with customers who fund their own claims. The Company charges these customers administrative fees based on the expected cost of administering their self-funded programs. In some cases, the Company provides performance guarantees associated with meeting certain service-related and other performance standards. If these standards are not met, the Company may be financially at risk up to a stated percentage of the contracted fee or a stated dollar amount. The Company establishes liabilities for estimated payouts associated with these performance guarantees. Approximately 14% of ASO fees reported for the twelve months ended December 31, 2011 were at risk, with reimbursements estimated to be approximately 1%.

Back to Contents

The Company had indemnification obligations as of December 31, 2011 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, the filing of tax returns, compliance with law or the 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, since not all amounts due under these indemnification obligations are subject to limitation. There were no liabilities for these indemnification obligations as of December 31, 2011.

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

D. Regulatory and Industry Developments

Regulation. The health services industry is heavily regulated by federal and state laws and administrative agencies, such as state departments of insurance and the Federal Departments of Labor, Health and Human Services, Treasury and Justice, as well as the courts. Regulation, legislation and judicial decisions have resulted in changes to industry and the Company’s business practices and will continue to do so in the future. In addition, the Company’s subsidiaries are routinely involved with various claims, lawsuits and regulatory and IRS audits and investigations that could result in financial liability, changes in business practices, or both. Health care regulation and legislation in its various forms, including the implementation of the Patient Protection and Affordable Care Act (including the Reconciliation Act) that was signed into law during the first quarter of 2010, could have a material adverse effect on the Company’s health care operations if it inhibits the Company’s ability to respond to market demands, adversely affects the way the Company does business, or results in increased medical or administrative costs without improving the quality of care or services.

Other possible regulatory and legislative changes or judicial decisions that could have an adverse effect on the Company’s businesses include:

- additional mandated benefits or services that increase costs;
- legislation that would grant plan participants broader rights to sue their health plans;
- changes in public policy and in the political environment, that could affect state and federal law, including legislative and regulatory proposals related to health care issues, that could increase cost and affect the market for the Company’s health care products and services;
-

changes in Employee Retirement Income Security Act of 1974 (“ERISA”) regulations resulting in increased administrative burdens and costs;

•

additional restrictions on the use of prescription drug formularies and rulings from pending purported class action litigation, that could result in adjustments to or the elimination of the average wholesale price of pharmaceutical products as a benchmark in establishing certain rates, charges, discounts, guarantees and fees for various prescription drugs;

•

additional privacy legislation and regulations that interfere with the proper use of medical information for research, coordination of medical care and disease and disability management;

•

additional variations among state laws mandating the time periods and administrative processes for payment of health care provider claims;

•

legislation that would exempt independent physicians from antitrust laws; and

•

changes in federal tax laws, such as amendments that could affect the taxation of employer provided benefits.

The health services industry remains under scrutiny by various state and federal government agencies and could be subject to government efforts to bring criminal actions in circumstances that could previously have given rise only to civil or administrative proceedings.

Back to Contents

Guaranty fund assessments. The Company operates in a regulatory environment that may require the Company to participate in assessments under state insurance guaranty association laws. The Company's exposure to assessments is based on its share of business it writes in the relevant jurisdictions for certain obligations of insolvent insurance companies to policyholders and claimants. For the years ended December 31, 2011 and 2010, charges related to guaranty fund assessments were not material to the Company's results of operations.

The Company is aware of an insurer that is in rehabilitation, an intermediate action before insolvency. As of December 31, 2011, the regulator had petitioned the state court for liquidation and the Company believes it is likely that the state court will rule on insolvency for this insurer in 2012. If the insurer is declared insolvent and placed in liquidation, the Company and other insurers may be required to pay a portion of policyholder claims through guaranty fund assessments from various states in which the Company's insurance subsidiaries write premiums. Based on current information available, that is subject to change, the Company has estimated that potential future assessments could decrease its future results of operations by up to $40 million after-tax. The ultimate amount and timing of any future charges for this potential insolvency will depend on several factors, including the declaration of insolvency and the amount of the potential insolvency, the basis, amount and timing of associated estimated future guaranty fund assessments and the availability and amount of any potential premium tax and other offsets. Cash payments, if any, by the Company's insurance subsidiaries are likely to extend over several years. The Company will continue to monitor the outcome of the court's deliberations and may record a liability and expense in a future reporting period.

E. Litigation and Other Legal Matters

The Company is routinely involved in numerous claims, lawsuits, regulatory and IRS audits, investigations and other legal matters arising, for the most part, in the ordinary course of managing a health services business, including payments to providers and benefit level disputes. Such legal matters include benefit claims, breach of contract claims, tort claims, disputes regarding reinsurance arrangements, employment related suits, employee benefit claims, wage and hour claims, and intellectual property and real estate related disputes. Litigation of income tax matters is accounted for under FASB's accounting guidance for uncertainty in income taxes. Further information can be found in Note 19. The outcome of litigation and other legal matters is always uncertain, and unfavorable outcomes that are not justified by the evidence can occur. The Company believes that it has valid defenses to the legal matters pending against it and is defending itself vigorously.

When the Company (in the course of its regular review of pending litigation and legal matters) has determined that a material loss is reasonably possible, the matter is disclosed including an estimate or range of loss or a statement that such an estimate cannot be made. In many proceedings, however, it is inherently difficult to determine whether any loss is probable or even possible or to estimate the amount or range of any loss. In accordance with applicable accounting guidance, when litigation and regulatory matters present loss contingencies that are both probable and estimable, the Company accrues the estimated loss by a charge to income. The amount accrued represents the Company's best estimate of the probable loss. If only a range of estimated losses can be determined, the Company accrues an amount within the range that, in the Company's judgment, reflects the most likely outcome; if none of the estimates within that range is a better estimate than any other amount, the Company accrues at the low end of the range. In cases that the Company has accrued an estimated loss, the accrued amount may differ materially from the ultimate amount of the relevant costs. As a litigation or regulatory matter develops, the Company monitors the matter for further developments that could affect the amount previously accrued, if any, and updates such amount accrued or disclosures previously provided as appropriate.

Except as otherwise noted, the Company believes that the legal actions, proceedings and investigations currently pending against it should not have a material adverse effect on the Company's results of operation, financial condition or liquidity based upon current knowledge and taking into consideration current accruals. However, 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 and that an adverse outcome in one or more of these matters could be material to the Company's results of operation, financial condition or liquidity for any particular period.

Amara cash balance pension plan litigation. On December 18, 2001, Janice Amara filed a class action lawsuit, captioned *Janice C. Amara, Gisela R. Broderick, Annette S. Glanz, individually and on behalf of all others similarly situated v. Cigna Corporation and Cigna Pension Plan,* in the United States District Court for the District of Connecticut against Cigna Corporation and the Cigna Pension Plan on behalf of herself and other similarly situated participants in the Cigna Pension Plan affected by the 1998 conversion to a cash balance formula. The plaintiffs allege various ERISA violations including, among other things, that the Plan's cash balance formula discriminates against older employees; the conversion resulted in a wear away period (when the pre-conversion accrued benefit exceeded the post-conversion benefit); and these conditions are not adequately disclosed in the Plan.

Back to Contents

In 2008, the court issued a decision finding in favor of Cigna Corporation and the Cigna Pension Plan on the age discrimination and wear away claims. However, the court found in favor of the plaintiffs on many aspects of the disclosure claims and ordered an enhanced level of benefits from the existing cash balance formula for the majority of the class, requiring class members to receive their frozen benefits under the pre-conversion Cigna Pension Plan and their post-1997 accrued benefits under the post-conversion Cigna Pension Plan. The court also ordered, among other things, pre-judgment and post-judgment interest.

Both parties appealed the court's decisions to the United States Court of Appeals for the Second Circuit which issued a decision on October 6, 2009 affirming the District Court's judgment and order on all issues. On January 4, 2010, both parties filed separate petitions for a writ of certiorari to the United States Supreme Court. Cigna's petition was granted, and on May 16, 2011, the Supreme Court issued its Opinion in which it reversed the lower courts' decisions and remanded the case to the trial judge for reconsideration of the remedy. The Court unanimously agreed with the Company's position that the lower courts erred in granting a remedy for an inaccurate plan description under an ERISA provision that allows only recovery of plan benefits. However, the decision identified possible avenues of "appropriate equitable relief" that plaintiffs may pursue as an alternative remedy.

The case is now in the trial court following remand. Briefs have been filed on the remedial issues and oral argument took place on December 9, 2011. The Company will continue to vigorously defend its position in this case. As of December 31, 2011, the Company continues to carry a liability of $82 million pre-tax ($53 million after-tax), that reflects the Company's best estimate of the exposure.

Ingenix. On February 13, 2008, State of New York Attorney General Andrew M. Cuomo announced an industry-wide investigation into the use of data provided by Ingenix, Inc., a subsidiary of UnitedHealthcare, used to calculate payments for services provided by out-of-network providers. The Company received four subpoenas from the New York Attorney General's office in connection with this investigation and responded appropriately. On February 17, 2009, the Company entered into an Assurance of Discontinuance resolving the investigation. In connection with the industry-wide resolution, the Company contributed $10 million to the establishment of a new non-profit company that now compiles and provides the data formerly provided by Ingenix.

The Company was named as a defendant in a number of putative nationwide class actions asserting that due to the use of data from Ingenix, Inc., the Company improperly underpaid claims, an industry-wide issue. All of the class actions were consolidated into *Franco v. Connecticut General Life Insurance Company et al.,* which is pending in the United States District Court for the District of New Jersey. The consolidated amended complaint, filed on August 7, 2009, asserts claims under ERISA, the RICO statute, the Sherman Antitrust Act and New Jersey state law on behalf of subscribers, health care providers and various medical associations. Cigna filed a motion to dismiss the consolidated amended complaint on September 9, 2009. Plaintiffs filed a motion for class certification on May 28, 2010. Fact and expert discovery have been completed.

On September 23, 2011, the court granted in part and denied in part the motion to dismiss the consolidated amended complaint. The court dismissed all claims by the health care provider and medical association plaintiffs for lack of standing to sue, and as a result the case will proceed only on behalf of subscribers. In addition, the court dismissed all of the antitrust claims, the ERISA claims based on disclosure and the New Jersey state law claims. The court did not dismiss the ERISA claims for benefits and claims under the RICO statute.

On June 9, 2009, Cigna filed motions in the United States District Court for the Southern District of Florida to enforce a previous settlement, *In re Managed Care Litigation,* by enjoining the RICO and antitrust causes of action asserted by the provider and medical association plaintiffs in the *Ingenix* litigation on the ground that they arose previously and were released in the prior settlement. On November 30, 2009, the Court granted the motions and ordered the provider and association plaintiffs to withdraw their RICO and antitrust claims from the *Ingenix* litigation. Plaintiffs appealed

to the Eleventh Circuit and the appeal is pending. The claims of these provider and association plaintiffs have now been dismissed by the *Franco* court for lack of standing as described above, and therefore Cigna moved to dismiss the Eleventh Circuit appeal as moot.

It is reasonably possible that others could initiate additional litigation or additional regulatory action against the Company with respect to use of data provided by Ingenix, Inc. The Company denies the allegations asserted in the investigations and litigation and will vigorously defend itself in these matters.

Due to numerous uncertain and unpredictable factors presented in these cases, it is not possible to estimate a range of loss at this time and, accordingly, no accrual has been recorded in the Company's financial statements.

Back to Contents

Karp gender discrimination litigation. On March 3, 2011, Bretta Karp filed a class action gender discrimination lawsuit against the Company in the United States District Court for the District of Massachusetts. The plaintiff alleges systemic discrimination against females in compensation, promotions, training, and performance evaluations in violation of Title VII of the Civil Rights Act of 1964, as amended, and Massachusetts law. Plaintiff seeks monetary damages and various other forms of broad programmatic relief, including injunctive relief, backpay, lost benefits, and preferential rights to jobs. The Company filed a motion to dismiss the lawsuit on May 16, 2011, which is fully briefed and pending. The Company denies the allegations asserted in the litigation and will vigorously defend itself in this case. Due to numerous uncertain and unpredictable factors presented in this case, it is not possible to estimate a range of loss (if any) at this time, and accordingly, no accrual has been recorded in the Company's financial statements.

Back to Contents

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Cigna Corporation

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income and changes in total equity and cash flows present fairly, in all material respects, the financial position of Cigna Corporation and its subsidiaries (“the Company”) at December 31, 2011 and December 31, 2010, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control - Integrated Framewor*k issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Annual Report on Internal Control over Financial Reporting. Our responsibility is to express opinions on these financial statements and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed 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. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 23, 2012

Back to Contents

Quarterly Financial Data ***(unaudited)***

The following unaudited quarterly financial data is presented on a consolidated basis for each of the years ended December 31, 2011 and December 31, 2010. Quarterly financial results necessarily rely heavily on estimates. This and certain other factors, such as the seasonal nature of portions of the insurance business, suggest the need to exercise caution in drawing specific conclusions from quarterly consolidated results.

(In millions, except per share amounts)		**Three Months Ended**											
			March 31			**June 30**			**Sept. 30**			**Dec. 31**	
Consolidated Results													
2011													
Total revenues		$	5,413		$	5,509		$	5,613		$	5,463	
Income from continuing operations before income taxes			600			616			297			455	
Shareholders' net income			429	(1)		408	(2)		200	(3)		290	(4)
Shareholders' net income per share:													
Basic			1.59			1.52			0.74			1.05	
Diluted			1.57			1.50			0.74			1.04	
2010													
Total revenues		$	5,205		$	5,353		$	5,266		$	5,429	
Income from continuing operations before income taxes			422			439			464			545	
Shareholders' net income			283	(5)		294	(6)		307	(7)		461	(8)
Shareholders' net income per share:													
Basic			1.03			1.07			1.13			1.71	
Diluted			1.02			1.06			1.13			1.69	
Stock and Dividend Data													
2011													
Price range of common stock	— high	$	44.29		$	51.81		$	52.95		$	47.61	
	— low	$	36.76		$	42.80		$	40.24		$	38.82	
		$	0.040		$	-		$	-		$	-	

Dividends declared per common share								
2010								
Price range of common stock	— high	$	39.26	$	37.61	$	36.03	$ 38.53
	— low	$	32.00	$	30.78	$	29.12	$ 34.33
Dividends declared per common share		$	0.040	$	-	$	-	$ -

(1) The first quarter of 2011 includes an after-tax gain of $13 million for the GMIB business and a net tax benefit of $24 million related to the resolution of a Federal tax matter.

(2) The second quarter of 2011 includes an after-tax loss of $21 million for the GMIB business.

(3) The third quarter of 2011 includes an after-tax loss of $134 million for the GMIB business.

(4) The fourth quarter of 2011 includes an after-tax gain of $7 million for the GMIB business and, an after-tax charge of $31 million for costs associated with acquisitions.

(5) The first quarter of 2010 includes an after-tax gain of $5 million for the GMIB business.

(6) The second quarter of 2010 includes an after-tax loss of $104 million for the GMIB business.

(7) The third quarter of 2010 includes an after-tax loss of $10 million for the GMIB business.

(8) The fourth quarter of 2010 includes an after-tax gain of $85 million for the GMIB business, an after-tax charge of $20 million for the loss on a reinsurance transaction, a net tax benefit of $101 million related to the resolution of a Federal tax matter, and an after-tax charge of $39 million related to the early extinguishment of debt.

Back to Contents

	12/29/06	12/31/07	12/31/08	12/31/08	12/31/10	12/30/11
Cigna	$100	$123	$38	$81	$84	$96
S&P 500 Index	$100	$105	$66	$84	$97	$99
S&P Mgd. Health Care, Life & Health Ins. Indexes**	$100	$114	$53	$66	$75	$89

**Assumes that the value of the investment in Cigna common stock and each index was $100 on December 29, 2006 and that all dividends were reinvested.*

***Weighted average of S&P Managed Health Care (75%) and Life & Health Insurance (25%) Indexes.*

Back to Contents

ITEM 9 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A Controls and Procedures

A. Disclosure 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, 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 SEC's rules and forms.

B. Internal Control Over Financial Reporting

Management's Annual Report on Internal Control over Financial Reporting

The Company's management report on internal control over financial reporting under the caption "Management's Annual Report on Internal Control over Financial Reporting" on page 94 in this Form 10-K.

Attestation Report of the Registered Public Accounting Firm

The attestation report of Cigna's independent registered public accounting firm, on the effectiveness of Cigna's internal control over financial reporting appears under the caption "Report of Independent Registered Public Accounting Firm" on page 165 of this Form 10-K.

Changes in Internal Control Over Financial Reporting

There have been no changes in Cigna's internal control over financial reporting identified in connection with the evaluation described in the above paragraph that have materially affected, or are reasonably likely to materially affect, Cigna's internal control over financial reporting.

ITEM 9B Other Information

None.

Back to Contents

PART III

ITEM 10 Directors, Executive Officers and Corporate Governance

A. Directors of the Registrant

The information under the captions “The Board of Directors’ Nominees for Terms to Expire in April 2015,” “Directors Who Will Continue in Office,” “Board of Directors and Committee Meetings, Membership, Attendance and Independence” (as it relates to Audit Committee disclosure), and “Section 16(a) Beneficial Ownership Reporting Compliance” in Cigna’s proxy statement to be dated on or about March 16, 2012 is incorporated by reference.

B. Executive Officers of the Registrant

See PART I – “Executive Officers of the Registrant on page 45 in this Form 10-K.”

C. Code of Ethics and Other Corporate Governance Disclosures

Cigna’s Code of Ethics is the Company’s code of business conduct and ethics, and applies to Cigna’s directors, officers (including the chief executive officer, chief financial officer and chief accounting officer) and employees. The Code of Ethics is posted on the Corporate Governance section found on the “About Cigna” page of the Company’s website, www.cigna.com. In the event the Company substantively amends its Code of Ethics or waives a provision of the Code, Cigna intends to disclose the amendment or waiver on the Corporate Governance section of the Company’s website.

In addition, the Company’s corporate governance guidelines (Board Practices) and the charters of its board committees (audit, corporate governance, executive, finance and people resources) are available on the Corporate Governance section of the Company’s website. These corporate governance documents, as well as the Code of Ethics, are available in print to any shareholder who requests them.

ITEM 11 Executive Compensation

The information under the captions “Director Compensation,” “Report of the People Resources Committee,” “Compensation Discussion and Analysis” and “Executive Compensation” in Cigna’s proxy statement to be dated on or about March 16, 2012 is incorporated by reference.

Back to Contents

ITEM 12 Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The following table presents information regarding Cigna's equity compensation plans as of December 31, 2011:

Plan Category	(a) [1] Securities To Be Issued Upon Exercise Of Outstanding Options, Warrants And Rights	(b) [2] Weighted Average Exercise Price Per Share Of Outstanding Options, Warrants And Rights	(c) [3] Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected In Column (a))
Equity Compensation Plans Approved by Security Holders	11,480,832	$ 33.92	12,184,049
Equity Compensation Plans Not Approved by Security Holders	-	-	-
TOTAL	**11,480,832**	**$ 33.92**	**12,184,049**

(1) In addition to outstanding options, includes 116,694 restricted stock units, 82,791 deferred shares, 32,315 director deferred share units that settle in shares, and 1,667,702 strategic performance shares which are reported at the maximum 200% payout rate.

(2) The weighted-average exercise price is based only on outstanding options.

(3) Includes 437,931 shares of common stock available as of the close of business December 31, 2011 for future issuance under the Cigna Directors Equity Plan; and 8,212,760 shares of common stock available as of the close of business on December 31, 2011 for future issuance under the Cigna Long-Term Incentive Plan as shares of restricted stock, strategic performance shares, shares in payment of dividend equivalent rights, shares in lieu of cash payable under a Qualifying Plan, or shares in payment of strategic performance units.

The information under the captions "Stock held by Directors, Nominees and Executive Officers" and "Largest Security Holders" in Cigna's proxy statement to be dated on or about March 16, 2012 is incorporated by reference.

ITEM 13 Certain Relationships, Related Transactions and Director Independence

The information under the caption "Certain Transactions" in Cigna's proxy statement to be dated on or about March 16, 2012 is incorporated by reference.

ITEM 14 Principal Accounting Fees and Services

The information under the captions "Policy for the Pre-Approval of Audit and Non-Audit Services" and "Fees to Independent Registered Public Accounting Firm" in Cigna's proxy statement to be dated on or about March 16, 2012 is incorporated by reference.

Back to Contents

PART IV

ITEM 15 Exhibits and Financial Statement Schedules

(a)

(1) The following Financial Statements appear on pages 96 through 166:

Consolidated Statements of Income for the years ended December 31, 2011, 2010 and 2009.

Consolidated Balance Sheets as of December 31, 2011 and 2010.

Consolidated Statements of Comprehensive Income and Changes in Total Equity for the years ended December 31, 2011, 2010 and 2009.

Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010 and 2009.

Notes to the Consolidated Financial Statements.

Report of Independent Registered Public Accounting Firm.

(2) The financial statement schedules are listed in the Index to Financial Statement Schedules on page FS-1.

(3) The exhibits are listed in the Index to Exhibits beginning on page E-1.

Back to Contents

Signatures

Pursuant to the requirements of Section 13 or 15(d) 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.

CIGNA CORPORATION

Date:	February 23, 2012
By:	/s/ Ralph J. Nicoletti
Name:	**Ralph J. Nicoletti**
Title:	*Executive Vice President and Chief Financial Officer (Principal Financial Officer)*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated as of February 23, 2012.

Signature	**Title**
/s/ David M. Cordani	*Chief Executive Officer and Director (Principal Executive Officer)*
David M. Cordani	
/s/ Ralph J. Nicoletti	*Executive Vice President and Chief Financial Officer (Principal Financial Officer)*
Ralph J. Nicoletti	
/s/ Mary T. Hoeltzel	*Vice President and Chief Accounting Officer (Principal Accounting Officer)*
Mary T. Hoeltzel	
/s/ Eric J. Foss	*Director*
Eric J. Foss	
/s/ Isaiah Harris, Jr.	*Chairman of the Board*
Isaiah Harris, Jr.	
/s/ Jane E. Henney, M.D.	*Director*
Jane E. Henney, M.D.	
/s/ Roman Martinez IV	*Director*
Roman Martinez IV	
/s/ John M. Partridge	*Director*
John M. Partridge	
/s/ James E. Rogers	*Director*
James E. Rogers	
/s/ Joseph P. Sullivan	*Director*
Joseph P. Sullivan	

/s/ Eric C. Wiseman	*Director*
Eric C. Wiseman	
/s/ Donna F. Zarcone	*Director*
Donna F. Zarcone	
/s/ William D. Zollars	*Director*
William D. Zollars	

Back to Contents

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Back to Contents

INDEX TO FINANCIAL STATEMENT SCHEDULES

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules FS-2

Schedules

I — Summary of Investments-other than Investments in Related Parties — December 31, 2011 FS-3

II — Condensed Financial Information of Cigna Corporation — (Registrant) FS-4

III — Supplementary Insurance Information FS-10

IV — Reinsurance FS-12

V — Valuation and Qualifying Accounts and Reserves FS-13

Schedules other than those listed above are omitted because they are not required or are not applicable, or the required information is shown in the financial statements or notes thereto.

Back to Contents

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

To the Board of Directors and Shareholders of Cigna Corporation

Our audits of the consolidated financial statements and of the effectiveness of internal control over financial reporting referred to in our report dated February 23, 2012 (which report and consolidated financial statements are included under Item 8 in this Annual Report on Form 10-K) also included an audit of the financial statement schedules listed in Item 15(a)(2) of this Form 10-K. In our opinion, these financial statement schedules present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements.

/s/ PricewaterhouseCoopers LLP

Philadelphia, Pennsylvania

February 23, 2012

Back to Contents

Cigna Corporation and Subsidiaries
Schedule I — Summary of Investments-other than Investments in Related Parties — December 31, 2011 *(In millions)*

Type of Investment	**Cost**	**Fair Value**	**Amount at which shown in the Consolidated Balance Sheet**
Fixed maturities:			
Bonds:			
United States government and government agencies and authorities	$ 552	$ 958	$ 958
States, municipalities and political subdivisions	2,185	2,456	2,456
Foreign governments	1,173	1,274	1,274
Public utilities	84	88	88
All other corporate bonds	9,378	10,401	10,401
Asset backed securities:			
United States government agencies mortgage-backed	9	9	9
Other mortgage-backed	74	80	80
Other asset-backed	778	927	927
Redeemable preferred stocks	24	24	24
TOTAL FIXED MATURITIES	**14,257**	**16,217**	**16,217**
Equity securities:			
Common stocks:			
Industrial, miscellaneous and all other	25	27	27
Non redeemable preferred stocks	99	73	73
TOTAL EQUITY SECURITIES	**124**	**100**	**100**
Commercial mortgage loans on real estate	3,301		3,301
Policy loans	1,502		1,502
Real estate investments	87		87
Other long-term investments	1,014		1,058
Short-term investments	225		225
TOTAL INVESTMENTS	**$ 20,510**		**$ 22,490**

Explanation of Responses:

Back to Contents

Cigna Corporation and Subsidiaries
Schedule II — Condensed Financial Information of Cigna Corporation — (Registrant)

Statements of Income

(In millions)	For the year ended December 31, 2011	2010	2009
Operating expenses:			
Interest	$ 195	$ 176	$ 160
Intercompany interest	19	26	80
Other	92	129	68
TOTAL OPERATING EXPENSES	**306**	**331**	**308**
Loss before income taxes	(306)	(331)	(308)
Income tax benefit	(107)	(106)	(118)
Loss of parent company	(199)	(225)	(190)
Equity in income of subsidiaries from continuing operations	1,526	1,570	1,491
Shareholders' income from continuing operations	1,327	1,345	1,301
Income from discontinued operations, net of taxes	-	-	1
SHAREHOLDERS' NET INCOME	**$ 1,327**	**$ 1,345**	**$ 1,302**

See Notes to Financial Statements on pages FS-7 through FS-9.

Back to Contents

Cigna Corporation and Subsidiaries
Schedule II — Condensed Financial Information of Cigna Corporation (Registrant)

Balance sheets

(In millions)	As of December 31, 2011	2010
ASSETS:		
Investments in subsidiaries	$ 14,956	$ 14,384
Other assets	793	568
TOTAL ASSETS	**$ 15,749**	**$ 14,952**
LIABILITIES:		
Intercompany	$ 460	$ 3,718
Short-term debt	100	548
Long-term debt	4,869	2,180
Other liabilities	1,976	1,861
TOTAL LIABILITIES	**7,405**	**8,307**
SHAREHOLDERS' EQUITY:		
Common stock (shares issued, 366; 351; authorized, 600)	92	88
Additional paid-in capital	3,188	2,534
Net unrealized appreciation — fixed maturities	739	529
Net unrealized appreciation — equity securities	1	3
Net unrealized depreciation — derivatives	(23)	(24)
Net translation of foreign currencies	(3)	25
Postretirement benefits liability adjustment	(1,507)	(1,147)
Accumulated other comprehensive loss	(793)	(614)
Retained earnings	11,143	9,879
Less treasury stock, at cost	(5,286)	(5,242)
TOTAL SHAREHOLDERS' EQUITY	**8,344**	**6,645**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$ 15,749**	**$ 14,952**

See Notes to Financial Statements on pages FS-7 through FS-9.

Explanation of Responses:

Back to Contents

Cigna Corporation and Subsidiaries
Schedule II — Condensed Financial Information of Cigna Corporation (Registrant)

Statements of Cash Flows

(In millions)	**For the year ended December 31,**		
	2011	**2010**	**2009**
Cash Flows from Operating Activities:			
Shareholders' Net Income	$ 1,327	$ 1,345	$ 1,302
Adjustments to reconcile shareholders' net income to net cash provided by operating activities:			
Equity in income of subsidiaries	(1,527)	(1,574)	(1,494)
(Income) from discontinued operations	-	-	(1)
Dividends received from subsidiaries	1,135	1,050	650
Other liabilities	(296)	(294)	(401)
Other, net	(91)	162	356
Net cash provided by operating activities	548	689	412
Cash Flows from Financing Activities:			
Net change in intercompany debt	(3,258)	(816)	(579)
Repayment of debt	(449)	(268)	(199)
Net proceeds on issuance of long-term debt	2,661	543	346
Issuance of common stock	734	64	30
Common dividends paid	(11)	(11)	(11)
Repurchase of common stock	(225)	(201)	-
Net cash used in financing activities	(548)	(689)	(413)
Net increase (decrease) in cash and cash equivalents	-	-	(1)
Cash and cash equivalents, beginning of year	-	-	1
Cash and cash equivalents, end of year	$ -	$ -	$ -

See Notes to Financial Statements on pages FS-7 through FS-9.

Back to Contents

Cigna Corporation and Subsidiaries
Schedule II — Condensed Financial Information of Cigna Corporation (Registrant)

Notes to Condensed Financial Statements

The accompanying condensed financial statements should be read in conjunction with the Consolidated Financial Statements and the accompanying notes thereto in the Annual Report on Form 10-K.

Note 1—For purposes of these condensed financial statements, Cigna Corporation's (the Company) wholly owned and majority owned subsidiaries are recorded using the equity basis of accounting. Certain reclassifications have been made to prior years' amounts to conform to the 2011 presentation.

Note 2—Short-term and long-term debt consisted of the following at December 31:

(In millions)		**December 31, 2011**		**December 31, 2010**
Short-term:				
Commercial Paper	$	100	$	100
Current maturities of long-term debt		-		448
TOTAL SHORT-TERM DEBT	**$**	**100**	**$**	**548**
Long-term:				
Uncollateralized debt:				
2.75% Notes due 2016	$	600	$	-
5.375% Notes due 2017		250		250
6.35% Notes due 2018		131		131
8.5% Notes due 2019		251		251
4.375% Notes due 2020		249		249
5.125% Notes due 2020		299		299
4.5% Notes due 2021		298		-
4% Notes due 2022		743		-
7.65% Notes due 2023		100		100
8.3% Notes due 2023		17		17
7.875% Debentures due 2027		300		300
8.3% Step Down Notes due 2033		83		83
6.15% Notes due 2036		500		500
5.875% Notes due 2041		298		-
5.375% Notes due 2042		750		-
TOTAL LONG-TERM DEBT	**$**	**4,869**	**$**	**2,180**

On November 10, 2011, the Company issued $2.1 billion of long-term debt as follows: $600 million of 5-Year Notes due November 15, 2016 at a stated interest rate of 2.75% ($600 million, net of discount, with an effective

interest rate of 2.936% per year), $750 million of 10-Year Notes due February 15, 2022 at a stated interest rate of 4% ($743 million, net of discount, with an effective interest rate of 4.346% per year) and $750 million of 30-Year Notes due February 15, 2042 at a stated interest rate of 5.375% ($750 million, net of discount, with an effective interest rate of 5.542% per year). Interest is payable on May 15 and November 15 of each year beginning May 15, 2012 for the 5-Year Notes and February 15 and August 15 of each year beginning February 15, 2012 for the 10-Year and 30-Year Notes. The proceeds of this debt were used to reduce the intercompany payable balance with Cigna Holdings and ultimately used to fund the HealthSpring acquisition in 2012.

Back to Contents

The Company may redeem these Notes, at any time, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or

- the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 30 basis points (5-Year 2.75% Notes due 2016), 35 basis points (10-Year 4% Notes due 2022), or 40 basis points (30-Year 5.375% Notes due 2042).

In June 2011, the Company entered into a new five-year revolving credit and letter of credit agreement for $1.5 billion, which permits up to $500 million to be used for letters of credit. This agreement is diversified among 16 banks, with 3 banks each having 12% of the commitment and the remaining 13 banks with 64% of the commitment. The credit agreement includes options that are subject to consent by the administrative agent and the committing banks, to increase the commitment amount to $2 billion and to extend the term past June 2016. The credit agreement is available for general corporate purposes, including as a commercial paper backstop and for the issuance of letters of credit. This agreement includes certain covenants, including a financial covenant requiring the Company to maintain a total debt to adjusted capital ratio at or below 0.50 to 1.00. As of December 31, 2011, the Company had $4 billion of borrowing capacity within the maximum debt coverage covenant in the agreement in addition to the $5.1 billion of debt outstanding. There were letters of credit of $118 million issued as of December 31, 2011.

In March 2011, the Company issued $300 million of 10-Year Notes due March 15, 2021 at a stated interest rate of 4.5% ($298 million, net of discount, with an effective interest rate of 4.683% per year) and $300 million of 30-Year Notes due March 15, 2041 at a stated interest rate of 5.875% ($298 million, net of discount, with an effective interest rate of 6.008% per year). Interest is payable on March 15 and September 15 of each year beginning September 15, 2011. The proceeds of this debt were used for general corporate purposes, including the repayment of debt maturing in 2011.

The Company may redeem these Notes, at any time, in whole or in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the Notes to be redeemed; or

- the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 20 basis points (10-Year 4.5% Notes due 2021) or 25 basis points (30-Year 5.875% Notes due 2041).

During 2011, the Company repaid $449 million in maturing long-term debt.

In the fourth quarter of 2010, the Company entered into the following transactions related to its long-term debt:

-

In December 2010 the Company offered to settle its 8.5% Notes due 2019, including accrued interest from November 1 through the settlement date. The tender price equaled the present value of the remaining principal and interest payments on the Notes being redeemed, discounted at a rate equal to the 10-year Treasury Rate plus a fixed spread of 100 basis points. The tender offer priced at a yield of 4.128% and principal of $99 million was tendered, with $251 million remaining outstanding. The Company paid $130 million, including accrued interest and expenses, to settle the Notes, resulting in an after-tax loss on early debt extinguishment of $21 million.

•

In December 2010 the Company offered to settle its 6.35% Notes due 2018, including accrued interest from September 16 through the settlement date. The tender price equaled the present value of the remaining principal and interest payments on the Notes being redeemed, discounted at a rate equal to the 10-year Treasury Rate plus a fixed spread of 45 basis points. The tender offer priced at a yield of 3.923% and principal of $169 million was tendered, with $131 million remaining outstanding. The Company paid $198 million, including accrued interest and expenses, to settle the Notes, resulting in an after-tax loss on early debt extinguishment of $18 million.

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In December 2010, the Company issued $250 million of 4.375% Notes ($249 million net of debt discount, with an effective interest rate of 5.1%). The difference between the stated and effective interest rates primarily reflects the effect of treasury locks. Interest is payable on June 15 and December 15 of each year beginning December 15, 2010. These Notes will mature on December 15, 2020. The proceeds of this debt were used to fund the tender offer for the 8.5% Senior Notes due 2019 and the 6.35% Senior Notes due 2018 described above.

In May 2010, the Company issued $300 million of 5.125% Notes ($299 million, net of debt discount, with an effective interest rate of 5.36% per year). Interest is payable on June 15 and December 15 of each year beginning December 15, 2010. These Notes will mature on June 15, 2020. The proceeds of this debt were used for general corporate purposes.

Back to Contents

The Company may redeem the Notes issued in 2010 at any time, in whole or in part, at a redemption price equal to the greater of:

•

100% of the principal amount of the Notes to be redeemed; or

•

the present value of the remaining principal and interest payments on the Notes being redeemed discounted at the applicable Treasury Rate plus 25 basis points.

Maturities of debt are as follows (in millions): none in 2012, 2013, 2014, 2015, $600 in 2016 and the remainder in years after 2016. Interest expense on long-term and short-term debt was $195 million in 2011, $176 million in 2010, and $160 million in 2009. Interest paid on long-term and short-term debt was $179 million in 2011, $175 million in 2010, and $153 million in 2009.

Note 3—Intercompany liabilities consist primarily of loans payable to Cigna Holdings, Inc. of $460 million as of December 31, 2011 and $3.7 billion as of December 31, 2010. The proceeds of the debt issuance in November 2011 of $2.1 billion (see Note 2) and the equity issuance of $629 million (see Note 5) were used to reduce the intercompany loan payable balance with Cigna Holdings and ultimately used to fund the HealthSpring acquisition in 2012. Interest was accrued at an average monthly rate of 0.63% for 2011 and 0.61% for 2010.

Note 4—As of December 31, 2011, the Company had guarantees and similar agreements in place to secure payment obligations or solvency requirements of certain wholly owned subsidiaries as follows:

•

The Company has arranged for bank letters of credit in the amount of $36 million in support of its indirect wholly owned subsidiaries. As of December 31, 2011, approximately $33 million of the letters of credit were issued to support Cigna Global Reinsurance Company, an indirect wholly owned subsidiary domiciled in Bermuda. These letters of credit primarily secure the payment of insureds' claims from run-off reinsurance operations. As of December 31, 2011, approximately $3 million of the letters of credit were issued to provide collateral support for various other indirectly wholly owned subsidiaries of the Company.

•

Various indirect, wholly owned subsidiaries have obtained surety bonds in the normal course of business. If there is a claim on a surety bond and the subsidiary is unable to pay, the Company guarantees payment to the company issuing the surety bond. The aggregate amount of such surety bonds as of December was $24 million.

•

The Company is obligated under a $27 million letter of credit required by the insurer of its high-deductible self-insurance programs to indemnify the insurer for claim liabilities that fall within deductible amounts for policy years dating back to 1994.

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The Company also provides solvency guarantees aggregating $34 million under state and federal regulations in support of its indirect wholly owned medical HMOs in several states.

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The Company has arranged a $55 million letter of credit in support of Cigna Europe Insurance Company, an indirect wholly owned subsidiary. The Company has agreed to indemnify the banks providing the letters of credit in the event of any draw. Cigna Europe Insurance Company is the holder of the letters of credit.

•

In addition, the Company has agreed to indemnify payment of losses included in Cigna Europe Insurance Company's reserves on the assumed reinsurance business transferred from ACE. As of December 31, 2011, the reserve was $88 million.

In 2011, no payments have been made on these guarantees and none are pending. The Company provided other guarantees to subsidiaries that, in the aggregate, do not represent a material risk to the Company's results of operations, liquidity or financial condition.

Note 5 - On November 16, 2011, the Company issued 15.2 million shares of its common stock at $42.75 per share. Proceeds were $650 million ($629 million net of underwriting discount and fees). The proceeds were used to reduce the intercompany loan payable balance with Cigna Holdings and ultimately used to fund the HealthSpring acquisition in January 2012.

Back to Contents

Cigna Corporation and Subsidiaries
Schedule III — Supplementary Insurance Information

Segment *(In millions)*		**Deferred policy acquisition costs**		**Future policy benefits and contractholder deposit funds**		**Medical claims payable and unpaid claims**		**Unearned premiums and fees**
Year Ended December 31, 2011:								
Health Care	$	51	$	481	$	1,229	$	77
Disability and Life		1		1,178		3,208		16
International		1,192		1,338		411		381
Run-off Reinsurance		-		1,172		240		-
Other Operations		68		12,977		160		27
Corporate		-		-		(7)		-
TOTAL	**$**	**1,312**	**$**	**17,146**	**$**	**5,241**	**$**	**501**
Year Ended December 31, 2010:								
Health Care	$	54	$	488	$	1,400	$	80
Disability and Life		2		1,066		3,180		17
International		998		1,173		288		288
Run-off Reinsurance		-		1,139		244		-
Other Operations		68		12,790		159		31
Corporate		-		-		(8)		-
TOTAL	**$**	**1,122**	**$**	**16,656**	**$**	**5,263**	**$**	**416**
Year Ended December 31, 2009:								
Health Care	$	60	$	507	$	1,098	$	76
Disability and Life		6		1,023		3,122		32
International		808		1,003		228		282
Run-off Reinsurance		-		1,287		288		-
Other Operations		69		12,800		161		37
Corporate		-		-		(8)		-
TOTAL	**$**	**943**	**$**	**16,620**	**$**	**4,889**	**$**	**427**

Back to Contents

Premiums and fees (1)	Net investment income (2)	Benefit expenses (1)(3)	Amortization of deferred policy acquisition expenses	Other operating expenses (4)
$ 13,181	$ 274	$ 8,265	$ 139	$ 5,185
2,780	267	2,003	4	644
2,990	96	1,697	185	819
24	103	140	-	265
114	400	385	6	60
-	6	-	-	233
$ 19,089	$ 1,146	$ 12,490	$ 334	$ 7,206
$ 13,319	$ 243	$ 8,670	$ 155	$ 5,086
2,667	261	1,935	6	699
2,268	82	1,255	145	639
25	114	(22)	-	113
114	404	395	6	53
-	1	-	-	248
$ 18,393	$ 1,105	$ 12,233	$ 312	$ 6,838
$ 11,384	$ 181	$ 7,096	$ 141	$ 4,742
2,634	244	1,922	6	670
1,882	69	1,080	146	491
29	113	(146)	-	(273)
112	407	398	6	62
-	-	(16)	-	191
$ 16,041	$ 1,014	$ 10,334	$ 299	$ 5,883

(1) Amounts presented are shown net of the effects of reinsurance. See Note 7 to the Consolidated Financial Statements included in Cigna's 2011 Annual Report on Form 10-K.

(2) The allocation of net investment income is based upon the investment year method, the identification of certain portfolios with specific segments, or a combination of both.

(3) Benefit expenses include Health Care medical claims expense and other benefit expenses.

(4) Other operating expenses include mail order pharmacy cost of goods sold, GMIB fair value (gain) loss and other operating expenses, and excludes amortization of deferred policy acquisition expenses.

Back to Contents

Cigna Corporation and Subsidiaries
Schedule IV — Reinsurance

(In millions)	Gross amount	Ceded to other companies	Assumed from other companies	Net amount	Percentage of amount assumed to net
Year Ended December 31, 2011:					
Life insurance in force	$ 606,587	$ 53,088	$ 9,163	$ 562,662	1.6%
Premiums and fees:					
Life insurance and annuities	$ 1,990	$ 280	$ 40	$ 1,750	2.3%
Accident and health insurance	17,352	167	154	17,339	0.9%
TOTAL	**$ 19,342**	**$ 447**	**$ 194**	**$ 19,089**	**1.0%**
Year Ended December 31, 2010:					
Life insurance in force	$ 566,841	$ 44,335	$ 9,734	$ 532,240	1.8%
Premiums and fees:					
Life insurance and annuities	$ 2,026	$ 264	$ 107	$ 1,869	5.7%
Accident and health insurance	16,272	173	425	16,524	2.6%
TOTAL	**$ 18,298**	**$ 437**	**$ 532**	**$ 18,393**	**2.9%**
Year Ended December 31, 2009:					
Life insurance in force	$ 544,687	$ 50,011	$ 71,107	$ 565,783	12.6%
Premiums and fees:					
Life insurance and annuities	$ 1,909	$ 297	$ 305	$ 1,917	15.9%
Accident and health insurance	13,476	156	804	14,124	5.7%
TOTAL	**$ 15,385**	**$ 453**	**$ 1,109**	**$ 16,041**	**6.9%**

Back to Contents

Cigna Corporation and Subsidiaries
Schedule V — Valuation and Qualifying Accounts and Reserves

Description *(In millions)*	**Balance at beginning of period**	**Charged (Credited) to costs and expenses** [(1)]	**Charged (Credited) to other accounts** [(2)]	**Other deductions - Describe** [(3)]	**Balance at end of period**
2011:					
Investment asset valuation reserves:					
Commercial mortgage loans	$ 12	$ 16	$ -	$ (9)	$ 19
Allowance for doubtful accounts:					
Premiums, accounts and notes receivable	$ 49	$ 4	$ (1)	$ (7)	$ 45
Deferred tax asset valuation allowance	$ 23	$ 4	$ 15	$ -	$ 42
Reinsurance recoverables	$ 10	$ (5)	$ -	$ -	$ 5
2010:					
Investment asset valuation reserves:					
Commercial mortgage loans	$ 17	$ 24	$ -	$ (29)	$ 12
Allowance for doubtful accounts:					
Premiums, accounts and notes receivable	$ 43	$ 11	$ -	$ (5)	$ 49
Deferred tax asset valuation allowance	$ 116	$ (93)	$ -	$ -	$ 23
Reinsurance recoverables	$ 15	$ (5)	$ -	$ -	$ 10
2009:					
Investment asset valuation reserves:					
Commercial mortgage loans	$ 3	$ 17	$ -	$ (3)	$ 17
Allowance for doubtful accounts:					
Premiums, accounts and notes receivable	$ 50	$ (2)	$ -	$ (5)	$ 43

Deferred tax asset valuation allowance	$	126	$	(2)	$	-	$	(8)	$	116
Reinsurance recoverables	$	23	$	(7)	$	-	$	(1)	$	15

(1) 2010 amount for deferred tax asset valuation allowance primarily reflects the resolution of a federal tax matter. See Note 19 to the Consolidated Financial Statements.

(2) 2011 increase to deferred tax asset valuation allowance reflects effects of the acquisition of First Assist in November 2011.

(3) 2011 and 2010 amounts for commercial mortgage loans primarily reflects charge-offs upon sales and repayments, as well as transfers to foreclosed real estate.

Back to Contents

Index to Exhibits

Number		Description	Method of Filing
2.1		Agreement and Plan of Merger dated as of October 24, 2011 by and among Cigna Corporation, Cigna Magnolia Corp. and HealthSpring, Inc.*	Filed as Exhibit 2.1 to the registrant's Form 8-K on October 27, 2011 and incorporated herein by reference.
2.2		Voting Agreement dated as of October 24, 2011 among Cigna Corporation and Herbert A. Fritch	Filed as Exhibit 2.3 to the registrant's Form 8-K on October 26, 2011 and incorporated herein by reference.
3.1		Restated Certificate of Incorporation of the registrant as last amended October 28, 2011	Filed as Exhibit 3.1 to the registrant's Form 10-Q for the quarterly period ended September 30, 2011 and incorporated herein by reference.
3.2		By-Laws of the registrant as last amended and restated October 20, 2010	Filed as Exhibit 3.1 to the registrant's Form 8-K on October 26, 2010 and incorporated herein by reference.
4.1	(a)	Indenture dated August 16, 2006 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 4.1 to the registrant's Form S-3ASR on August 17, 2006 and incorporated herein by reference.
	(b)	Supplemental Indenture No. 1 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 4.1 to the registrant's Form 8-K on November 14, 2006 and incorporated herein by reference.
	(c)	Supplemental Indenture No. 2 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 4.1(c) to the registrant's Form 10-Q for the quarterly period ended March 31, 2011 and incorporated herein by reference
	(d)	Supplemental Indenture No. 3 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 4.1 to the registrant's Form 8-K on March 10, 2008 and incorporated herein by reference.
	(e)	Supplemental Indenture No. 4 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 99.2 to the registrant's Form 8-K on May 12, 2009 and incorporated herein by reference.
	(f)	Supplemental Indenture No. 5 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 99.2 to the registrant's Form 8-K on May 28, 2010 and incorporated herein by reference.
	(g)	Supplemental Indenture No. 6 dated March 7, 2008 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 99.2 to the registrant's Form 8-K on December 9, 2009 and incorporated herein by reference.

	(h)	Supplemental Indenture No. 7 dated March 7, 2011 between Cigna Corporation and U.S. Bank National Association	Filed as Exhibit 4.1 to the registrant's Form 8-K on March 8, 2011 and incorporated herein by reference.
	(i)	Supplemental Indenture No. 8 dated November 10, 2011 between Cigna Corporation and U.S. Bank National Associated	Filed as Exhibit 4.1 to the registrant's Form 8-K on November 14, 2011 and incorporated herein by reference.
4.2		Indenture dated January 1, 1994 between Cigna Corporation and Marine Midland Bank	Filed as Exhibit 4.2 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
4.3		Indenture dated June 30, 1988 between Cigna Corporation and Bankers Trust	Filed as Exhibit 4.3 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.

Exhibits 10.1 through 10.27 are identified as compensatory plans, management contracts or arrangements pursuant to Item 15 of Form 10-K.

10.1		Deferred Compensation Plan for Directors of Cigna Corporation, as amended and restated January 1, 1997	Filed herewith.
10.2		Deferred Compensation Plan of 2005 for Directors of Cigna Corporation, Amended and Restated effective April 28, 2010	Filed as Exhibit 10.2 to the registrant's Form 10-K for the year ended December 31, 2010 and incorporated herein by reference.
10.3		Cigna Corporation Non-Employee Director Compensation Program amended and restated effective January 1, 2012	Filed herewith.
10.4		Cigna Restricted Share Equivalent Plan for Non-Employee Directors as amended and restated effective January 1, 2008	Filed as Exhibit 10.3 to the registrant's Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.
10.5		Cigna Corporation Director Equity Plan	Filed as Exhibit 10.3 to the registrant's Form 10-Q for the quarterly period ended March 31, 2010 and incorporated herein by reference.
10.6		Cigna Corporation Compensation Program for Independent Vice Chairman/Chairman of the Board of Directors	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended September 30, 2009 and incorporated herein by reference.
10.7		Cigna Corporation Stock Plan, as amended and restated through July 2000	Filed as Exhibit 10.7 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10.8	(a)		

		Cigna Stock Unit Plan, as amended and restated effective July 22, 2008	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended September 30, 2008 and incorporated herein by reference.
	(b)	Amendment No. 1 to the Cigna Stock Unit Plan, as amended and restated effective July 22, 2008	Filed as Exhibit 10.3 to the registrant's Form 10-Q for the quarterly period ended June 30, 2010 and incorporated herein by reference.
10.9		Cigna Executive Severance Benefits Plan as amended and restated effective April 27, 2010	Filed as Exhibit 10.2 to the registrant's Form 10-Q for the quarterly period ended June 30, 2010 and incorporated herein by reference.
10.10		Description of Severance Benefits for Executives in Non-Change of Control Circumstances	Filed as Exhibit 10.10 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10.11		Description of Cigna Corporation Strategic Performance Share Program	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended March 31, 2010 and incorporated herein by reference.
10.12		Cigna Executive Incentive Plan amended and restated as of January 1, 2008	Filed as Exhibit 10.8 to the registrant's Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.
10.13	(a)	Cigna Long-Term Incentive Plan as amended and restated effective as of April 28, 2010	Filed as Exhibit 10.2 to the registrant's Form 10-Q for the quarterly period ended March 31, 2010 and incorporated herein by reference.
	(b)	Amendment No. 1 to the Cigna Long-Term Incentive Plan as amended and restated effective as of April 28, 2010	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended June 30, 2010 and incorporated herein by reference.
	(c)	Amendment No. 2 to the Cigna Long-Term Incentive Plan as amended and restated effective as of April 28, 2010	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended March 31, 2011 and incorporated herein by reference.
10.14		Cigna Deferred Compensation Plan, as amended and restated October 24, 2001	Filed herewith.
10.15		Cigna Deferred Compensation Plan of 2005 effective as of January 1, 2005	Filed as Exhibit 10.12 to the registrant's Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.
10.16	(a)	Cigna Supplemental Pension Plan as amended and restated effective August 1, 1998	Filed as Exhibit 10.15(a) to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.

	(b)	Amendment No. 1 to the Cigna Supplemental Pension Plan, amended and restated effective as of September 1, 1999	Filed as Exhibit 10.15(b) to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
	(c)	Amendment No. 2 dated December 6, 2000 to the Cigna Supplemental Pension	Filed herewith.
10.17	(a)	Cigna Supplemental Pension Plan of 2005 effective as of January 1, 2005	Filed as Exhibit 10.15 to the registrant's Form 10-K for the year ended December 31, 2007 and incorporated herein by reference.
	(b)	Amendment No. 1 to the Cigna Supplemental Pension Plan of 2005	Filed as Exhibit 10.1 to the registrant's Form 10-Q for the quarterly period ended June 30, 2009 and incorporated herein by reference.
10.18		Cigna Supplemental 401(k) Plan effective January 1, 2010	Filed as Exhibit 10.17 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10.19		Description of Cigna Corporation Financial Services Program	Filed as Exhibit 10.18 to the registrant's Form 10-K for the year ended December 31, 2009 and incorporated herein by reference.
10.20		Schedule regarding Amended Deferred Stock Unit Agreements effective December 31, 2008 with Mr. Murabito and Form of Amended Deferred Stock Unit Agreement	Filed as Exhibit 10.20 to the registrant's Form 10-K for the year ended December 31, 2008 and incorporated herein by reference.
10.21		Form of Cigna Long-Term Incentive Plan: Nonqualified Stock Option and Grant Letter	Filed herewith.
10.22		Form of Cigna Long-Term Incentive Plan: Restricted Stock Grant and Grant Letter	Filed herewith.
10.23		Form of Cigna Long-Term Incentive Plan: Restricted Stock Unit Grant and Grant Letter	Filed as Exhibit 10.27 to the registrant's Form 10-K for the year ended December 31, 2010 and incorporated herein by reference.
10.24		Bertram L. Scott's Offer of Employment dated May 19, 2010	Filed as Exhibit 10.2 to the registrant's Form 10-Q for the quarterly period ended March 31, 2011 and incorporated herein by reference.
10.25		Agreement and Release dated April 27, 2011 with Carol Ann Petren	Filed as Exhibit 99.1 to the registrant's Form 8-K filed on May 3, 2011 and incorporated herein by reference.
10.26			

	Ralph Nicoletti's Offer of Employment dated April 27, 2011	Filed as Exhibit 10.1 to the registrant's Form 8-K filed on May 31, 2011 and incorporated herein by reference.
10.27	Agreement and Release executed December 9, 2011 with Bertram L. Scott	Filed as Exhibit 10.1 to the registrant's Form 8-K filed on December 9, 2011 and incorporated herein by reference.
12	Computation of Ratios of Earnings to Fixed Charges	Filed herewith.
21	Subsidiaries of the Registrant	Filed herewith.
23	Consent of Independent Registered Public Accounting Firm	Filed herewith.
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.

** Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Company agrees to furnish supplementally to the Securities and Exchange Commission a copy of any omitted schedule upon request.*

Back to Contents

The registrant will furnish to the Commission upon request of any other instruments defining the rights of holders of long-term debt.

Shareholders may obtain copies of exhibits by writing to Cigna Corporation, Shareholder Services Department, 1601 Chestnut Street, Philadelphia, PA 19192.