

CIGNA CORP  
Form 10-Q  
November 02, 2005

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

**FORM 10-Q**

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

For the quarterly period ended **September 30, 2005**

OR

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

for the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number 1-8323

**CIGNA Corporation**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation or  
organization)

**06-1059331**  
(I.R.S. Employer  
Identification No.)

**One Liberty Place, 1650 Market Street**  
**Philadelphia, Pennsylvania 19192**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code **(215) 761-1000**

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

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

Edgar Filing: CIGNA CORP - Form 10-Q

As of September 30, 2005, 125,780,161 shares of the issuer's common stock were outstanding.

---

## CIGNA CORPORATION

## INDEX

	<u>Page No.</u>
<u>PART I.</u>	
FINANCIAL INFORMATION	
Item 1.	
Financial Statements	
Consolidated Income Statements	<u>1</u>
Consolidated Balance Sheets	<u>2</u>
Consolidated Statements of Comprehensive Income and Changes in Shareholders' Equity	<u>3</u>
Consolidated Statements of Cash Flows	<u>4</u>
Notes to the Financial Statements	<u>5</u>
Item 2.	
Management's Discussion and Analysis of Financial Condition and Results of Operations	<u>20</u>
Item 3.	
Quantitative and Qualitative Disclosures About Market Risk	<u>45</u>
Item 4.	
Controls and Procedures	<u>46</u>
<u>PART II.</u>	
OTHER INFORMATION	
Item 1.	
Legal Proceedings	<u>47</u>
Item 2.	
Unregistered Sales of Equity Securities and Use of Proceeds	<u>48</u>
Item 6.	
Exhibits	<u>49</u>
<u>SIGNATURE</u>	<u>50</u>
<u>EXHIBIT INDEX</u>	<u>E-1</u>

As used herein, CIGNA refers to one or more of CIGNA Corporation and its consolidated subsidiaries.

---

**Part I. FINANCIAL  
INFORMATION**

Item 1. Financial Statements

**CIGNA CORPORATION  
CONSOLIDATED  
STATEMENTS OF INCOME**

*(In millions, except per share  
amounts)*

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2005</b>	<b>2004</b>	<b>2005</b>	<b>2004</b>
<b>REVENUES</b>				
Premiums and fees	\$ 3,381	\$ 3,618	\$ 10,151	\$ 10,754
Net investment income	334	340	995	1,298
Other revenues	298	510	1,300	1,335
Realized investment gains	9	11	28	447
Total revenues	4,022	4,479	12,474	13,834
<b>BENEFITS AND EXPENSES</b>				
Health Care medical claims expense	1,579	1,671	4,633	5,044
Other benefit expenses	786	946	2,481	3,022
Other operating expenses	1,274	1,367	3,875	4,202
Total benefits and expenses	3,639	3,984	10,989	12,268
<b>INCOME FROM CONTINUING OPERATIONS</b>				
<b>BEFORE INCOME TAXES</b>				
<b>(BENEFITS)</b>	383	495	1,485	1,566
Income taxes (benefits):				
Current	(58)	58	169	649
Deferred	182	129	250	(102)
Total taxes	124	187	419	547
<b>INCOME FROM CONTINUING OPERATIONS</b>	259	308	1,066	1,019
<b>INCOME FROM DISCONTINUED OPERATIONS</b>	-	-	349	-
<b>INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>	259	308	1,415	1,019
<b>CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAXES</b>	-	-	-	(139)

<b>NET INCOME</b>	\$	259	\$	308	\$	1,415	\$	880
<b>EARNINGS PER SHARE - BASIC</b>								
<b>INCOME FROM CONTINUING OPERATIONS</b>	\$	2.04	\$	2.28	\$	8.27	\$	7.39
<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-		-		2.71		-
<b>INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>		2.04		2.28		10.98		7.39
<b>CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAXES</b>		-		-		-		(1.01)
<b>NET INCOME</b>	\$	2.04	\$	2.28	\$	10.98	\$	6.38
<b>EARNINGS PER SHARE - DILUTED</b>								
<b>INCOME FROM CONTINUING OPERATIONS</b>	\$	2.00	\$	2.26	\$	8.12	\$	7.32
<b>INCOME FROM DISCONTINUED OPERATIONS</b>		-		-		2.66		-
<b>INCOME BEFORE CUMULATIVE EFFECT OF ACCOUNTING CHANGE</b>		2.00		2.26		10.78		7.32
<b>CUMULATIVE EFFECT OF ACCOUNTING CHANGE, NET OF TAXES</b>		-		-		-		(1.00)
<b>NET INCOME</b>	\$	2.00	\$	2.26	\$	10.78	\$	6.32
<b>DIVIDENDS DECLARED PER SHARE</b>	\$	0.025	\$	0.025	\$	0.075	\$	0.380

*The accompanying Notes to the Financial Statements are an integral part of these statements.*



**CIGNA CORPORA**