

CIGNA CORP
Form DEF 14A
March 24, 2006

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**SCHEDULE 14A
(RULE 14a-101)**

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-12

CIGNA CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

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(1) Amount Previously Paid:

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CIGNA Corporation
Two Liberty Place, 17th floor
1601 Chestnut Street
Philadelphia, PA 19192-1550
March 24, 2006

NOTICE OF 2006 ANNUAL MEETING OF SHAREHOLDERS

CIGNA Corporation Shareholders:

The Annual Meeting of Shareholders will be held on Wednesday, April 26, 2006, at 3:30 p.m. at The Gregg Conference Center at The American College, 270 S. Bryn Mawr Avenue, Bryn Mawr, Pennsylvania. Directions to The Gregg Conference Center are on the back of the attached proxy statement.

At the meeting, we will ask shareholders to:

1. Elect two Directors for terms expiring in April 2009 (Item 1 on the proxy card);
2. Ratify the appointment of PricewaterhouseCoopers LLP as independent auditors for 2006 (Item 2 on the proxy card); and
3. Transact such other business as may properly come before the meeting and any adjournment or postponement thereof.

CIGNA shareholders of record at the close of business on February 28, 2006, are entitled to notice of and to vote at the meeting and any adjournment thereof. **Your vote is important, even if you do not own many shares. We urge you to mark, date, sign and return the enclosed proxy/voting instruction card or, if you prefer, to vote by telephone or by using the Internet.**

Sincerely,

H. EDWARD HANWAY

Chairman and Chief Executive Officer

By order of the Board of Directors

CAROL J. WARD, *Corporate Secretary*

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CIGNA CORPORATION
TWO LIBERTY PLACE
1601 CHESTNUT STREET
PHILADELPHIA, PA 19192
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CIGNA CORPORATION

Two Liberty Place
1601 Chestnut Street
Philadelphia, Pa 19192

March 24, 2006

Proxy Statement

General Information About CIGNA Corporation's Annual Meeting

When and where is the Annual Meeting?

The Annual Meeting will be held on Wednesday, April 26, 2006, at 3:30 p.m. at The Gregg Conference Center at The American College located at 270 S. Bryn Mawr Avenue, Bryn Mawr, Pennsylvania. Directions are on the back of this proxy statement.

When will CIGNA begin mailing the proxy statement, proxy/voting instruction card and 2005 Annual Report to Shareholders?

On or about March 24, 2006.

Who is entitled to vote at the Annual Meeting?

Anyone who owns CIGNA common stock as of the close of business on February 28, 2006, the record date, is entitled to one vote per share owned. There were 121,593,839 shares of CIGNA common stock outstanding on that date.

Who is seeking authority to vote my shares and when?

CIGNA's Board of Directors is sending you this proxy statement to solicit your proxy, or your authorization for our representatives to vote your shares. Your proxy will be effective for the April 26, 2006 meeting and at any adjournment (or continuation) of that meeting.

Proposals for a Shareholder Vote

What proposals are being presented for a shareholder vote at the Annual Meeting?

There are two proposals scheduled to be voted on at the Annual Meeting:

Item 1. Election of Directors: THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR ITS NOMINEES, H. EDWARD HANWAY AND HAROLD A. WAGNER, TO BE DIRECTORS WITH TERMS EXPIRING APRIL 2009.

You can find information about the Board's nominees, as well as information about CIGNA's Board of Directors and its committees, Director compensation, and other related matters, beginning on page 8.

Item 2. Ratification of Appointment of PricewaterhouseCoopers LLP: THE BOARD UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THIS PROPOSAL TO RATIFY THE APPOINTMENT OF PRICEWATERHOUSECOOPERS LLP AS INDEPENDENT AUDITORS FOR THE YEAR 2006.

You can find information about CIGNA's relationship with PricewaterhouseCoopers LLP beginning on page 23.

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What other matters may arise at the meeting?

We do not know of any other matters that will come before the shareholders during the Annual Meeting. The chairman of the meeting may refuse to allow presentation of a proposal or a nomination for the Board from the floor of the Annual Meeting if the proposal or nomination was not properly submitted. The requirements for properly submitting proposals and nominations from the floor of the Annual Meeting for this year's meeting were described in CIGNA's 2005 Proxy Statement and are similar to those described on page 37 for next year's meeting.

How will voting on other business be conducted?

If any other matters are properly presented for a vote, the people named as representatives will have discretionary authority, to the extent permitted by law, to vote on such matters according to their best judgment.

General Information About Voting

What constitutes a quorum and why do you need one?

In order to transact business at an annual meeting, we must have a quorum, or the presence of at least a prescribed number of voting shares. For this meeting, we need the holders of at least two-fifths of the issued and outstanding shares entitled to vote to either be represented by proxy or attend in person. If you attend the meeting or submit your proxy but abstain from voting, your shares will count toward a quorum.

What vote is required to approve each proposal?

Item 1. The two nominees who receive a *plurality* (the greatest number) of For votes of the shares present in person or represented by proxy at the meeting and entitled to vote on the election of directors on Item 1 will be elected as Directors. In the election of Directors, you can withhold your vote for any nominee. Because Directors are elected by a plurality, abstentions are not taken into account in determining the outcome of the election of directors.

Item 2. The affirmative vote of a *majority* of the shareholders, present in person at the meeting or represented by proxy, entitled to vote on the subject matter, is required to ratify the appointment of independent auditors. On this proposal, you can abstain. If you abstain, your shares will be counted as present at the Annual Meeting for purposes of that proposal and your abstention will have the same effect as against votes on the ratification of appointment of independent auditors.

How do I vote if I hold shares as a record holder?

If you hold shares as a record holder, there are four ways that you can vote your shares.

- 1. Over the Internet.** Vote at <http://www.proxyvoting.com/ci>. The Internet voting system is available 24 hours a day until 11:59 p.m. E.D.T. on Tuesday, April 25, 2006. Once you enter the Internet voting system, you can record and confirm (or change) your voting instructions.
- 2. By telephone.** Use the telephone number shown on your proxy card. The telephone voting system is available 24 hours a day in the United States until 11:59 p.m. E.D.T. on Tuesday, April 25, 2006. Once you enter the telephone voting system, a series of prompts will tell you how to record and confirm (or change) your voting instructions.
- 3. By mail.** Mark your voting instructions on, and sign and date, the proxy card and then return it in the postage-paid envelope provided. For your mailed proxy card to be counted, we must receive it before the polls close at the meeting. If we receive your signed proxy card, but you do not give voting instructions, our representatives will vote your shares for Items 1 and 2. If any other matters arise during the meeting that require a vote, the representatives will exercise their discretion.

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4. In person. Attend the Annual Meeting, or send a personal representative with an appropriate proxy, in order to vote.

Who can vote my shares if my shares are held in street name?

Many CIGNA shareholders own their shares in street name, which means that banks, brokers or other nominees are actually the record owners entitled to vote the shares under New York Stock Exchange rules. If you hold shares through such an institution, follow the voting instruction you receive from it. If you want to vote in person at the Annual Meeting, you must obtain a legal proxy from the bank, broker or other nominee who holds your shares and bring it to the meeting.

If you do not submit voting instructions to your bank, broker or other nominee, the institution may still be permitted to vote your shares. It will have discretionary authority to vote on Item 1 Election of Directors, and Item 2 Ratification of Appointment of PricewaterhouseCoopers LLP, as described in this proxy statement, which means that your bank, broker or other nominee can vote your street name shares on Items 1 and 2 even if you do not give specific voting instructions.

How do I vote at the Annual Meeting if a bank, broker, or other nominee holds my shares?

If you want to vote shares of CIGNA stock that you hold in street name at the Annual Meeting, you must request a legal proxy from your bank, broker or other nominee that holds your shares and present that proxy in order to vote at the meeting.

What are the requirements for confidential voting?

If you want your vote to be confidential, you must indicate that when you submit your proxy. If you choose confidential voting, your votes can be revealed to CIGNA only in limited circumstances, such as to meet a legal requirement or in contested Board elections.

How do I revoke my proxy or change my voting instructions?

There are four ways that you can revoke your proxy or change your voting instructions.

- 1. Enter new instructions on either the telephone or Internet voting system before 11:59 p.m. E.D.T. on Tuesday, April 25, 2006.**
- 2. Submit a new proxy card bearing a date later than your last vote.** We must receive your new proxy card before the Annual Meeting begins.
- 3. Write to the Corporate Secretary, Carol J. Ward, at the address given for CIGNA Corporation in the meeting notice on the cover of this proxy statement.** Your letter should contain the name in which your shares are registered, the date of the proxy you wish to revoke or change, your new voting instructions, if applicable, and your signature. She must receive your letter before the Annual Meeting begins.
- 4. Attend the Annual Meeting and vote in person (or by personal representative with an appropriate proxy).**

How do I vote if my CIGNA shares are held by Mellon Investor Services in my Employee Stock Account?

Employee Stock Accounts maintained by Mellon Investor Services hold restricted stock that has not yet vested, restricted stock that has vested and shares acquired through an option exercise. If you have these kinds of shares, you should follow the rules on page 4 for voting shares held as a record holder. Your proxy card covers all the shares held by Mellon Investor Services in your Employee Stock Account. You may vote those shares over the Internet, by telephone, by mail or in person.

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What do I do if I have money in the CIGNA Stock Fund of the CIGNA or Intracorp 401(k) plans?

If you have money invested in the CIGNA Stock Fund of the CIGNA 401(k) Plan or the Intracorp 401(k) Performance Sharing Plan, you do not actually own shares of CIGNA stock. The plan trustees do. Under the plans, however, you have pass-through voting rights based on your interest — the amount of money you have invested — in the CIGNA Stock Fund. You may exercise pass-through voting rights in almost the same way that shareholders may vote their shares, but you have an earlier deadline. If your voting instructions are received by **11:59 p.m. E.D.T. on April 21, 2006 at Mellon Investor Services**, the trustee will submit a proxy that reflects your instructions. You may **not** vote in person at the Annual Meeting.

If you have money invested in the CIGNA Stock Fund of the CIGNA 401(k) Plan or the Intracorp 401(k) Performance Sharing Plan and you do not give voting instructions (or give them late), the trustees will vote your interest in the CIGNA Stock Fund of the CIGNA 401(k) or the Intracorp 401(k) Plan as instructed by a management advisory committee.

You may send your instructions **to Mellon Investor Services** by using the mail (proxy/voting instruction card), telephone or Internet methods described on the proxy/voting instruction card. Your voting instructions will be kept confidential under the terms of the plans. You may **not** vote in person at the Annual Meeting.

Who is the Inspector of Election?

IVS Associates has been appointed Inspector of Election for the Annual Meeting. The Inspector will determine the number of shares outstanding and voting power of each, the shares represented at the Annual Meeting, the existence of a quorum, and the validity of proxies and ballots, and will count all votes and ballots.

How do I find out the Annual Meeting voting results?

The final voting results of the Annual Meeting will be published in CIGNA's second quarter 2006 quarterly report on Form 10-Q. It will be available on CIGNA's website the first half of August 2006.

Who will bear the cost of soliciting votes for the Annual Meeting?

CIGNA will bear the cost of soliciting your proxy (except that you will pay certain expenses for Internet access if you choose to access these proxy materials over the Internet). We will enlist the help of banks and brokerage houses in soliciting proxies from their customers and reimburse them for their related out-of-pocket expenses. In addition, we have engaged Georgeson Shareholder Communications, Inc. to assist in soliciting proxies. Georgeson will receive a fee of approximately \$15,000 and be reimbursed for reasonable out-of-pocket expenses associated with this work. Proxies will be solicited personally, through the mail, by telephone, by facsimile or via the Internet. Directors, officers, employees and agents of CIGNA or its subsidiaries may assist in solicitation efforts.

What is householding?

If you and other residents at your mailing address own shares of CIGNA stock in — street name, — your broker or bank may have notified you that your household will receive only one annual report and proxy statement for each company in which you hold stock through that broker or bank. This practice is known as — householding. — Unless you responded that you did not want to participate in — householding, — you were deemed to have consented to the process. Your broker or bank will send one copy of our annual report and proxy statement to your address. Each shareholder will continue to receive a separate proxy card or voting instruction card. Householding benefits both you and CIGNA because it reduces the volume of duplicate information received at your household and helps CIGNA reduce expenses.

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If you would like to receive your own set of CIGNA's future annual reports and proxy statements, or if you share an address with another CIGNA shareholder and together both of you would like to receive only a single set of CIGNA annual disclosure documents, please contact ADP, Householding Department, 51 Mercedes Way, Edgewood, NY 11717 or call them at 800.542.1061. Be sure to indicate your name, the name of your brokerage firm or bank, and your account number. The revocation of your consent to householding will be effective 30 days following its receipt. If you did not receive an individual copy of this year's proxy statement or our annual report, we will send a copy to you if you address a written request to CIGNA Corporation, Shareholder Services, 1601 Chestnut Street, TL17, Philadelphia, PA 19192 or call 215.761.3516.

How can I obtain a copy of CIGNA's 10-K?

You can obtain a copy of our 2005 Annual Report on Form 10-K by:

accessing CIGNA's internet site at
<http://www.cigna.com/general/about/investor/release/10k20051231.html>; or

writing to CIGNA Corporation, Shareholder Services, 1601 Chestnut Street, TL17, Philadelphia, PA 19192. You can also obtain a copy of CIGNA's Form 10-K and other periodic filings with the Securities and Exchange Commission from the SEC's EDGAR database at www.sec.gov.

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Information About Item 1: Election of Directors

The Board determined that two Directors will be elected at the 2006 Annual Meeting of shareholders and set the size of the Board at ten, coincident with the Annual Meeting. The Board nominated two incumbent Directors, H. Edward Hanway and Harold A. Wagner to stand for election for terms ending April 2009, as indicated below. All nominees have consented to serve, and the Board does not know of any reason why any would be unable to serve. If a nominee becomes unavailable or unable to serve before the Annual Meeting, the Board can either reduce its size or designate a substitute nominee. If the Board designates a substitute, proxies that would have been cast for the original nominee will be cast for the substitute nominee.

The Board has determined that non-employee Directors shall retire no later than the Annual Meeting of shareholders following their seventy-second birthday. Consistent with this policy, Dr. Louis W. Sullivan, M.D., an incumbent Director, will retire from the Board at the 2006 Annual Meeting and Harold A. Wagner, a nominee, will retire from the Board at the 2008 Annual Meeting.

The Board of Directors Nominees for Terms to Expire in April 2009

H. Edward Hanway

Ed Hanway, 54, has been a Director of CIGNA Corporation since 1999. He has been Chairman of the Board of CIGNA Corporation since December 2000, Chief Executive Officer since January 2000, President since January 1999 and Chief Operating Officer from January 1999 until January 2000. Mr. Hanway served as President of CIGNA HealthCare from 1996 until 1999 and President of CIGNA International from 1989 until 1996. He has been associated with CIGNA since 1978. Mr. Hanway also serves as Chairman of CIGNA's Executive Committee.

Harold A. Wagner

Hap Wagner, 70, has been a Director of CIGNA Corporation since 1997. He has been Non-Executive Chairman of Agere Systems Inc. (a provider of communications components) since 2001. Mr. Wagner served as Chairman and Chief Executive Officer of Air Products and Chemicals, Inc. (a supplier of industrial gases and related equipment and selected chemicals) from 1992 to 2000 and as its President from 1992 to 1998. He is also a Director of Paccar Inc., United Technologies Corporation and Maersk Inc., a subsidiary of A.P. Moller. Mr. Wagner serves as Chairman of CIGNA's People Resources Committee and as a member of the Finance Committee.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT SHAREHOLDERS VOTE FOR THE ABOVE NOMINEES.

Directors Who Will Continue in Office

Robert H. Campbell

Bob Campbell, 68, has been a Director of CIGNA Corporation since 1992. His current term expires in April 2007. Mr. Campbell was Chairman of Sunoco, Inc. (a domestic refiner and marketer of petroleum products) from 1992 until 2000, Chief Executive Officer from 1991 until 2000 and President from 1991 until 1996. He is also a Director of Hershey Foods Corporation and Vical, Inc. Mr. Campbell serves as Chairman of CIGNA's Audit Committee and as a member of the Corporate Governance Committee.

Isaiah Harris, Jr.

Ike Harris, 53, has been a Director of CIGNA Corporation since July 1, 2005. His current term expires in April 2007. Mr. Harris has been President, BellSouth Advertising and Publishing Group (communications services) since January 2005, President, BellSouth Enterprises, Inc. from January 2004 until January 2005, President, BellSouth Consumer Services and Customer Markets Group from September 2000 until January 2004 and Corporate Vice President, Finance, Bell South Corporation from January 2000 until

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September 2000. He is also a Director of Deluxe Corporation. Mr. Harris serves as a member of CIGNA's Corporate Governance and People Resources Committees.

Jane E. Henney, M.D.

Jane Henney, 58, has been a Director of CIGNA Corporation since 2004. Her current term expires in April 2007. Dr. Henney has been Senior Vice President and Provost, Health Affairs at University of Cincinnati Academic Health Center (an educational institution) since July 2003. Dr. Henney was Senior Scholar at the Association of Academic Health Centers from 2001 until June 2003 and Commissioner of the U.S. Food & Drug Administration from 1998 until January 2001. She is also a Director of AmerisourceBergen Corporation and AstraZeneca PLC. Dr. Henney serves as a member of CIGNA's Audit and Corporate Governance Committees.

Peter N. Larson

Peter Larson, 66, has been a Director of CIGNA Corporation since 1997. His current term expires in April 2008. Mr. Larson was Chairman and Chief Executive Officer of Brunswick Corporation (a producer of recreational consumer products) from 1995 until 2000. He also served as an executive officer and Director of Johnson & Johnson (a health care product manufacturer) from 1991 until 1995. Mr. Larson serves as the Chairman of CIGNA's Finance Committee and as a member of the Audit Committee.

Roman Martinez IV

Roman Martinez IV, 58, has been a Director of CIGNA Corporation since July 1, 2005. His current term expires in April 2008. Mr. Martinez has been a private investor since 2003. Previously he was a Managing Director of Lehman Brothers Inc. (investment banking), where he was employed, including its predecessor firm, from 1971 until 2003. He is also a Director of Alliant Techsystems, Inc. Mr. Martinez serves as a member of CIGNA's Audit and Finance Committees.

Carol Cox Wait

Carol Cox Wait, 63, has been a Director of CIGNA Corporation since 1995. Her current term expires in April 2008. Ms. Wait has been President of Boggs, Atkinson, Inc. (a real estate company) since 2003. She was a Director, President and Chief Executive Officer of the Committee for a Responsible Federal Budget (a bi-partisan, educational, non-profit organization) from 1981 until 2003. She was President of Carol Cox and Associates (a consulting firm) from 1984 until 2003. Ms. Wait serves as Chairman of CIGNA's Corporate Governance Committee and as a member of the Audit Committee.

Donna F. Zarcone

Donna Zarcone, 48, has been a Director of CIGNA Corporation since 2005. Her current term expires in April 2007. Ms. Zarcone has served as President and Chief Operating Officer of Harley-Davidson Financial Services, Inc. (a provider of wholesale and retail financing, insurance and credit card programs to Harley-Davidson dealers and riders in the United States, Canada and select European countries), a wholly owned subsidiary of Harley-Davidson, Inc. since 1998. She is also a member of the Board of Managers of Wrightwood Capital, a privately held company. Ms. Zarcone, a Certified Public Accountant, serves as a member of CIGNA's Audit and Finance Committees and is CIGNA's designated Audit Committee Financial Expert.

William D. Zollars

William Zollars, 58, has been a Director of CIGNA Corporation since 2005. His current term expires in April 2008. Mr. Zollars has served as Chairman, President and Chief Executive Officer of YRC Worldwide Inc. (formerly Yellow Roadway Corporation) (a holding company whose subsidiaries provide regional, national and international transportation and related services) since 1999. He is also a Director of

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ProLogis Trust and Cerner Corporation. Mr. Zollars serves as a member of CIGNA's People Resources and Finance Committees.

Acknowledgement of Retiring Director

Louis W. Sullivan, 72, has been a Director of CIGNA Corporation since 1993. Dr. Sullivan will retire coincident with the 2006 Annual Meeting on April 26, 2006. He has been President Emeritus of Morehouse School of Medicine since June 2002. Dr. Sullivan served as President of Morehouse School of Medicine from 1981 until 2002, except from 1989 until 1993, when he served as the United States Secretary of Health and Human Services. Dr. Sullivan currently serves as a member of CIGNA's People Resources Committee and Corporate Governance Committee. The Board of Directors would like to acknowledge and thank Dr. Sullivan for his service on the Board of Directors.

Acknowledgement of Former Director

Marilyn Ware served as a Director of CIGNA Corporation from 1993 to November 2005. Ms. Ware was nominated by the President of the United States of America to the position of, and has been confirmed by the United States Senate as, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Republic of Finland. She resigned from the Board on November 1, 2005. Ms. Ware served as Chairman of American Water Works (a water utility holding company) from 1988 until 2003. The Board of Directors would like to acknowledge and thank Ms. Ware for her service on the Board of Directors.

Retained Third-Party Director Search Firm

The Corporate Governance Committee retained SpencerStuart, a third party search firm, to assist the Committee in identifying and evaluating candidates for Board membership who best match CIGNA's Director Recruitment Criteria and would best be able to carry out the Responsibilities of CIGNA Corporation Directors. SpencerStuart recommended and facilitated recruitment of Isaiah Harris, Jr. and Roman Martinez IV.

CIGNA Corporation's Corporate Governance Policies

CIGNA's corporate governance policies, **Board Practices, Committee Charters and Code of Ethics and Compliance Policies** are posted at <http://www.cigna.com/general/about/governance/index.html>. They also are available in print to any shareholder who writes to the Corporate Secretary, CIGNA Corporation, Two Liberty Place, 1601 Chestnut Street, Philadelphia, PA 19192.

CIGNA Corporation's Standards of Director Independence are specified in the Company's Board Practices below.

The Audit Committee's Charter was revised and adopted effective as of January 25, 2006. It is attached to this Proxy Statement as Appendix A.

The CIGNA Corporation Code of Ethics and Compliance Policies apply to directors, officers, employees and agents of CIGNA Corporation and its subsidiaries.

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CIGNA Corporation Board Practices

Organizing the CIGNA Corporation Board of Directors work is an inherently dynamic process. The Board and Committees periodically review their practices with the goal of increasing their effectiveness, and thereby maximizing shareholder value. Over the years, the Board and Committees have regularly modified their practices. The following are the current practices:

Board Structure and Composition

CIGNA Corporation's By-laws allow for a Board of eight to sixteen members. The Board and its Corporate Governance Committee each periodically consider the appropriate size of the Board. There is a strong commitment to a Board composed principally of independent, non-employee Directors. CIGNA Corporation has never had more than two employee Directors.

Independence

To be considered independent under the New York Stock Exchange, Inc. rules, the Board must determine that a Director has no material relationship with CIGNA (either directly or as a partner, shareholder or officer of an organization that has a relationship with CIGNA). The Board has established these guidelines to assist it in determining Director independence.

- (a) A CIGNA Director is not independent if:
 - (i) The Director is, or has been within the last three years, an employee of CIGNA, or an immediate family member is, or has been within the last three years, an executive officer of CIGNA.
 - (ii) The Director has received, or has an immediate family member who has received (other than in a non-executive officer employee capacity), during any twelve-month period within the last three years, more than \$100,000 in direct compensation from CIGNA, other than Director and Committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service).
 - (iii) The Director is a current partner or employee, or an immediate family member is a current partner, of CIGNA's internal or external auditor.
 - (iv) The Director has an immediate family member who is a current employee of CIGNA's internal or external auditor and who participates in such firm's audit, assurance or tax compliance (but not tax planning) practice.
 - (v) The Director or an immediate family member was within the last three years (but is no longer) a partner or employee of CIGNA's internal or external auditor and personally worked on CIGNA's audit within that time.
 - (vi) The Director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of CIGNA's present executives at the same time serves or served on that company's compensation committee.
 - (vii) The Director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, CIGNA for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or two percent of the other company's consolidated gross revenue.
- (b) In addition, the following commercial or charitable relationships during the past year will not be considered to be material relationships that would impair a Director's independence:
 - (i)

if a Director is an executive officer of another company in which CIGNA owns a common stock interest, and the amount of the common stock interest is less than five percent of the total shareholders equity of the company he or she serves as an executive officer; and

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- (ii) if a Director, his/her spouse or anyone (other than domestic employees) sharing the home of a CIGNA Director serves as an executive officer, director or trustee (or equivalent) of a charitable organization, and CIGNA's discretionary charitable contributions to the organization during the past year are less than the greater of \$100,000 or two percent of that organization's annual gross revenue. (CIGNA's automatic matching of employee charitable contributions will not be included in the amount of CIGNA's contributions for this purpose.)

In addition, a commercial relationship in which a Director is an executive officer of another company that owns a common stock interest in CIGNA will not be considered to be a material relationship which would impair a Director's independence.

- (c) For relationships outside the safe-harbor guidelines in (b) above, the determinations of whether the relationship is material or not, and therefore whether the Director would be independent or not, shall be made by the Directors who satisfy the independence guidelines set forth in (a) and (b) above. CIGNA would explain in its proxy statement the basis for any Board determination that a relationship was immaterial, despite the fact that it did not meet the safe-harbor for immateriality set forth in subsection (b) above.

Director Responsibilities

The Corporate Governance Committee is responsible for advising the Board with respect to the Board's membership. In fulfilling that responsibility, the Committee develops and the Board approves the Responsibilities of CIGNA Corporation Directors. Those responsibilities are:

Independence and integrity;

Good understanding of CIGNA's businesses;

Understanding the importance of representing the total shareholder constituency and increasing shareholder value;

Active, objective and constructive participation at Board and Committee meetings;

Review and understanding of advance briefing materials;

Sharing one's expertise, experience, knowledge and insights as they relate to the matters before the Board;

Advancing CIGNA's purposes and reputation;

Effectively contributing to management evaluation and succession planning;

Availability to the Chief Executive Officer for consultation; and

Regular attendance.

Director Selection and Board Membership

Beyond the Responsibilities, the Corporate Governance Committee, in consultation with the Board, develops more specific Director Recruitment Criteria to guide Director searches. The criteria are as follows:

Directors should represent all shareholders.

Directors must be free of conflicts of interest.

Directors must possess good judgment and the ability to analyze complex business and public issues.

Directors must have demonstrated a high degree of achievement in their respective fields.

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Diversity, in its many forms, is actively pursued.

Governing CIGNA Corporation effectively requires a wide range of capabilities and professional attributes, among them:

Financial acumen;

Insight into the process of developing and delivering high-quality products and services that respond directly to customer needs and expectations;

Familiarity with channels of distribution;

Awareness of consumer market trends;

Insight into government relationships and processes;

Familiarity with processes for developing and implementing effective human resources policies and practices; and

Familiarity with the challenges of operating businesses in the international marketplace.

The Corporate Governance Committee and Board strive to ensure that the Board comprises individuals with these capabilities and professional attributes.

The Corporate Governance Committee is responsible for reviewing, advising and reporting to the Board regarding the Board's membership and Director selection. In that capacity, the Committee welcomes shareholder suggestions for Board nominees. Shareholders desiring the Committee to consider their suggestions for Board nominees should submit their suggestions together with appropriate biographical information and qualifications to the Committee. Correspondence may be addressed to CIGNA Corporation, Corporate Secretary, 1601 Chestnut Street, TL17, Philadelphia, Pennsylvania, 19192. The Corporate Governance Committee generally considers nominees in October for the following Annual Meeting.

Accordingly, suggestions for Board nominees should be submitted by October 1st to ensure consideration at the following Annual Meeting. Shareholder suggestions for Board nominees are evaluated using the same criteria described above.

The chairman of the Corporate Governance Committee (or another Director designated by the chairman of the Corporate Governance Committee) interviews Director candidates prior to the Committee making its recommendation that the Board:

elect the candidate in the case of a Director vacancy; or

nominate the candidate for election by the shareholders.

The Board requires that any Director discontinuing the principal position that prevailed at the time of the Director's election to the Board give notice and an offer of resignation to the Corporate Governance Committee.

Directors must consult with the Chairman and Chief Executive Officer prior to accepting additional for-profit directorships. Directors must consult with the Chairman and Chief Executive Officer prior to accepting more than three public company audit committee memberships.

Under ordinary circumstances, the Chief Executive Officer will leave the Board when he/she retires as a CIGNA employee.

Directors shall retire no later than the Annual Meeting of shareholders following their seventy-second birthday.

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Committee Structure and Composition

The Corporate Governance Committee is responsible for ensuring the appropriateness and effectiveness of the Board's committee structure. Annually, the Corporate Governance Committee reviews committee assignments. In consultation with the Chairman of the Board, it recommends (for action by the full Board) committee assignments for Directors, in line with Board needs and individual strengths. Directors generally serve on a working committee for about five years before rotating.

The Executive Committee has authority to manage CIGNA's business between regular Board meetings. However, it is not intended to be a working committee and meets infrequently.

There currently are four working committees of the Board: Audit, Corporate Governance, Finance, and People Resources. The four working committees consist of Directors who meet the New York Stock Exchange's standards for independence. In addition, Audit Committee members meet the Securities and Exchange Commission's standards for independence. At least one Audit Committee member will be an audit committee financial expert, as defined by the Securities and Exchange Commission.

The Board has, at various times, created *ad hoc* committees to focus on particular issues.

Summary of committee responsibilities: (Note: A current copy of the committee charters are posted on the Company's website at <http://www.cigna.com/general/about/governance/committee.html>).

The Audit Committee is responsible for representing and assisting the Board in fulfilling its oversight responsibilities regarding the adequacy of internal controls, integrity of financial statements, compliance with legal requirements and adherence to ethical standards. It is also responsible for qualification and independence of, appointing, compensating, overseeing the work of and removing CIGNA Corporation's independent auditors.

The Corporate Governance Committee is responsible for reviewing, advising, and reporting to the Board regarding the Board's membership, structure, organization, governance practices, and performance as well as Director selection and compensation.

The Finance Committee is responsible for overseeing and advising the Board regarding the Corporation's capital structure and use, long-term financial objectives and progress against those objectives, and investments.

The People Resources Committee is responsible for overseeing the policies and processes for people development, including the succession plan for the principal executive officers. In fulfilling that responsibility, the Committee conducts an annual management development and succession plan review. The Committee reports to the Board on this review. This Committee also evaluates the Chief Executive Officer annually and shares its assessment with the Board when reporting on compensation actions for the Chief Executive Officer. The Committee's evaluation and report to the Board are done in the absence of the Chief Executive Officer. The results of the evaluation are shared with the Chief Executive Officer. The Committee also reviews and approves executive compensation plans and equity-based plans, subject to applicable Board and shareholder approvals.

Committee chairs regularly report to the full Board on Committee proceedings and actions.

Agenda, Materials, Education & Resources

The Board meeting schedule and agenda are developed with direct input from Directors. The duration of each meeting varies as business needs dictate.

Briefing materials generally are distributed at least a full week in advance of the Board and Committee meetings. The briefing materials include regular reviews of operating results, competitive

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performance, performance against plan and background information for the presentations and discussions to occur at the upcoming meetings.

New Directors participate in an orientation program. They meet with the Chief Executive Officer and staff officers at the time they join the Board. Upon election to a committee, they meet with that committee's staff officer and are provided with more committee-specific training/reading.

The Board and committees regularly devote time to continuing Director education.

Directors are encouraged to attend continuing education courses.

The Board and its committees are able to access and retain appropriate independent advisors.

Periodically, Board meetings are devoted primarily to strategy issues.

Performance Evaluation

The Board regularly discusses its performance, and annually conducts a self-assessment. On an ongoing basis, Directors offer suggestions and alternatives intended to further improve Board performance.

Annually, each working committee reviews its performance and the adequacy of its written charter. Then, in consultation with the committee's staff officer, it agrees upon a meeting schedule (including frequency and length of meetings) and tentative agenda for the upcoming year. Agenda items are added and deleted during the course of the year at the members' request and as business developments warrant.

The Corporate Governance Committee reviews the performance of each Director annually and always in advance of making a determination as to whether the Committee should recommend the Director's renomination to the Board.

The Chairman conducts exit interviews with Directors at the conclusion of their service.

Senior Management and the Board

Over the years, the CIGNA Corporation Board has modified the roles and responsibilities of CIGNA's top officers, utilizing in varying combinations and configurations the offices of Chairman, Chief Executive Officer, Co-Chairman, Vice Chairman, Chief Operating Officer and President as circumstances required. The Board is responsible for electing people to fill these positions.

Each committee is assigned a member of senior management to act as a staff officer. The staff officers attend the committee meetings and Board meetings. This gives Directors a range of contact people within the Company with whom they are familiar.

Several members of the Chief Executive Officer's staff regularly attend Board meetings. Others attend when making presentations. In between meetings and at their discretion, Directors are free to contact members of management.

The Board has established a process to identify the next Chief Executive Officer. The Board has established desired characteristics for the Chief Executive Officer position, essentially to guide the succession planning process and management development programs.

Executive Sessions

The Board meets in Executive Session at the beginning of most Board meetings. An Executive Session without management is scheduled at the conclusion of most Board meetings. At least twice a year, the Board meets in extended Executive Session without the Chief Executive Officer. Generally, the appropriate committee

chairperson leads the discussion in regularly scheduled Executive Sessions at which the Chief Executive Officer is not present.

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Director Compensation