# CIGNA CORPORATION

## THIRD QUARTER 2010 INVESTOR TELECONFERENCE
## PHILADELPHIA, PA
## FRIDAY, OCTOBER 29, 2010

**DAVID M. CORDANI – PRESIDENT AND CHIEF EXECUTIVE OFFICER**

**THOMAS A. McCARTHY – ACTING CHIEF FINANCIAL OFFICER**

**EDWIN J. DETRICK – VICE PRESIDENT, INVESTOR RELATIONS**

**NOTE: CIGNA has made editorial changes to this transcript.**

*As used herein, "CIGNA" refers to CIGNA Corporation and/or its consolidated subsidiaries*

**CAUTIONARY STATEMENT FOR PURPOSES OF THE "SAFE HARBOR" PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995**

CIGNA Corporation and its subsidiaries (the "Company") and its representatives may from time to time make written and oral forward-looking statements, including statements contained in press releases, in the Company's filings with the Securities and Exchange Commission, in its reports to shareholders and in meetings with analysts and investors. Forward-looking statements may contain information about financial prospects, economic conditions, trends and other uncertainties. These forward-looking statements are based on management's beliefs and assumptions and on information available to management at the time the statements are or were made. Forward-looking statements include but are not limited to the information concerning possible or assumed future business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance improvements, trends and, in particular, the Company's productivity initiatives, litigation and other legal matters, operational improvement initiatives in the health care operations, and the outlook for the Company's full year 2010 and beyond results. Forward-looking statements include all statements that are not historical facts and can be identified by the use of forward-looking terminology such as the words "believe", "expect", "plan", "intend", "anticipate", "estimate", "predict", "potential", "may", "should" "outlook" "guidance" "forecast" "expectations" or similar expressions.

You should not place undue reliance on these forward-looking statements. The Company cautions that actual results could differ materially from those that management expects, depending on the outcome of certain factors. Some factors that could cause actual results to differ materially from the forward-looking statements include:

1. increased medical costs that are higher than anticipated in establishing premium rates in the Company's Health Care operations, including increased use and costs of medical services;
2. increased medical, administrative, technology or other costs resulting from new legislative and regulatory requirements imposed on the Company's employee benefits businesses;
3. challenges and risks associated with implementing operational improvement initiatives and strategic actions in the ongoing operations of the businesses, including those related to: (i) growth in targeted geographies, product lines, buying segments and distribution channels, (ii) offering products that meet emerging market needs, (iii) strengthening underwriting and pricing effectiveness, (iv) strengthening medical cost and medical membership results, (v) delivering quality member and provider service using effective technology solutions, (vi) lowering administrative costs and (vii) transitioning to an integrated operating company model, including operating efficiencies related to the transition;
4. risks associated with pending and potential state and federal class action lawsuits, disputes regarding reinsurance arrangements, other litigation and regulatory actions challenging the Company's businesses, including disputes related to payments to providers, government investigations and proceedings, and tax audits and related litigation;
5. heightened competition, particularly price competition, which could reduce product margins and constrain growth in the Company's businesses, primarily the Health Care business;
6. risks associated with the Company's mail order pharmacy business which, among other things, includes any potential operational deficiencies or service issues as well as loss or suspension of state pharmacy licenses;
7. significant changes in interest rates and deterioration in the loan to value ratios of commercial real estate investments for a sustained period of time;
8. downgrades in the financial strength ratings of the Company's insurance subsidiaries, which could, among other things, adversely affect new sales, retention of current business as well as a downgrade in financial strength ratings of reinsurers which could result in increased statutory reserve or capital requirements;
9. limitations on the ability of the Company's insurance subsidiaries to dividend capital to the parent company as a result of downgrades in the subsidiaries' financial strength ratings, changes in statutory reserve or capital requirements or other financial constraints;
10. inability of the program adopted by the Company to substantially reduce equity market risks for reinsurance contracts that guarantee minimum death benefits under certain variable annuities (including possible market difficulties in entering into appropriate futures contracts and in matching such contracts to the underlying equity risk);
11. adjustments to the reserve assumptions (including lapse, partial surrender, mortality, interest rates and volatility) used in estimating the Company's liabilities for reinsurance contracts covering guaranteed minimum death benefits under certain variable annuities;
12. adjustments to the assumptions (including annuity election rates and amounts collectible from reinsurers) used in estimating the Company's assets and liabilities for reinsurance contracts covering guaranteed minimum income benefits under certain variable annuities;

13. significant stock market declines, which could, among other things, result in increased expenses for guaranteed minimum income benefit contracts, guaranteed minimum death benefit contracts and the Company's pension plans in future periods as well as the recognition of additional pension obligations;
14. unfavorable claims experience related to workers' compensation and personal accident exposures of the run-off reinsurance business, including losses attributable to the inability to recover claims from retrocessionaires;
15. significant deterioration in economic conditions and significant market volatility, which could have an adverse effect on the Company's operations, investments, liquidity and access to capital markets;
16. significant deterioration in economic conditions and significant market volatility, which could have an adverse effect on the businesses of our customers (including the amount and type of health care services provided to their workforce, loss in workforce and our customers' ability to pay receivables) and our vendors (including their ability to provide services);
17. adverse changes in state and federal laws and regulations, including health care reform legislation and regulation which could, among other items, affect the way the Company does business, increase cost, limit the ability to effectively estimate, price for and manage medical costs, and affect the Company's health care products, services, technology and processes;
18. amendments to income tax laws, which could affect the taxation of employer provided benefits, the taxation of certain insurance products such as corporate-owned life insurance, or the financial decisions of individuals whose variable annuities are covered under reinsurance contracts issued by the Company;
19. potential public health epidemics, pandemics and bio-terrorist activity, which could, among other things, cause the Company's covered medical and disability expenses, pharmacy costs and mortality experience to rise significantly, and cause operational disruption, depending on the severity of the event and number of individuals affected;
20. risks associated with security or interruption of information systems, which could, among other things, cause operational disruption;
21. challenges and risks associated with the successful management of the Company's outsourcing projects or key vendors, including the agreement with IBM for provision of technology infrastructure and related services; and
22. the ability to successfully complete the integration of the businesses acquired from Great-West by, among other things, effectively leveraging the information technology platforms and other capabilities of the acquired business to enhance the combined organization's network access position, underwriting effectiveness, delivery of quality member and provider service, and increased penetration of its membership base with differentiated product offerings.

This list of important factors is not intended to be exhaustive. Other sections of the Company's most recent Annual Report on Form 10-K, including the "Risk Factors" section, the Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010 and June 30, 2010, and other documents filed with the Securities and Exchange Commission include both expanded discussion of these factors and additional risk factors and uncertainties that could preclude the Company from realizing the forward-looking statements. The Company does not assume any obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**Ted Detrick (Vice President, Investor Relations):**

Good morning, everyone, and thank you for joining today's call. I am Ted Detrick, Vice President of Investor Relations, and with me this morning are David Cordani, our President and Chief Executive Officer, and Tom McCarthy, CIGNA's Acting Chief Financial Officer.

In our remarks today, David will begin by commenting on CIGNA's third quarter results and our continued progress in executing on our growth strategy. He will also provide insights into the approaches that CIGNA has taken to improve engagement of individuals and health care professionals – with the goal of driving better health outcomes while reducing costs.

Tom will provide a review of the financial results for the quarter and will discuss the full year 2010 financial outlook. Next, David will make some comments regarding early thoughts on 2011.

We will then open the lines for your questions, and following our question and answer session, David will provide some brief closing remarks before we end the call.

As noted in our earnings release, CIGNA uses certain non-GAAP financial measures when describing its financial results. A reconciliation of these measures to the most directly comparable GAAP measure is contained in today's earnings release, which was filed this morning on Form 8-K with the Securities and Exchange Commission and is posted in the Investor Relations section of cigna.com.

In our remarks today, we will be making some forward-looking comments. We would remind you that there are risk factors that could cause actual results to differ materially from our current expectations. Those risk factors are discussed in today's earnings release.

Before turning the call over to David, I will cover a couple of items pertaining to our third quarter results.

Relative to our Run-Off Reinsurance operations, our third quarter shareholders' net income included an after-tax, non-cash loss of $10 million, or 4 cents per share, related to the Guaranteed Minimum Income Benefits business, otherwise known as GMIB.

I would remind you that the financial impact of the Financial Accounting Standards Board's fair value disclosure and measurement guidance on our GMIB results is for GAAP accounting purposes only.

We believe that the application to this guidance is not reflective of the underlying economics as it does not represent management's expectations of the ultimate liability payout.

Because of application of this accounting guidance, CIGNA's future results for the GMIB business will be volatile, as any future change in the exit value of GMIB's assets and liabilities will be recorded in shareholders' net income.

CIGNA's 2010 earnings outlook, which we will discuss in a few moments, excludes the results of the GMIB business, and therefore any potential volatility related to the prospective application of this accounting guidance.

Another component of our Run-Off Reinsurance operations is the Guaranteed Minimum Death Benefit product, otherwise known as VADBe. Unlike the GMIB business, the financial results for VADBe are included in CIGNA's adjusted income from operations.

During our second quarter call, we indicated that if the environment of sustained equity market volatility and low levels of interest rates were to continue, then we would need to strengthen our VADBe reserves, which would result in a charge to earnings of up to $50 million after tax.

Because the low level of interest rates did persist during the quarter, we increased our VADBe reserves, which resulted in the recording of a non-cash, after-tax loss of $34 million, or 12 cents per share, in the third quarter.

With that, I'll turn it over to David.

**David Cordani (President and Chief Executive Officer):**

Thanks, Ted, and good morning everyone.

Before Tom reviews our third quarter results and full year outlook, I'll take a few minutes to cover a couple of topics.

I'll briefly comment on our performance in the context of our growth strategy.

Last quarter I profiled our International business. This quarter I'll profile our U.S. businesses. I'll provide insights into the unique approaches we're taking to improve the delivery of care by engaging individuals and health care professionals in our effort to improve health and productivity.

So let's get started.

Relative to our third quarter, I'm pleased with our earnings of $1.10 per share and the results of each of our ongoing businesses – International, Group Disability and Life, and Health Care.

These results demonstrate the strength of our diversified portfolio of products and services and the effective executive of our global growth strategy. This strategy focuses on providing differentiated service and clinical programs, which drives client and customer retention, and attractive new sales in our targeted geographies and customer segments.

Within our Health Care business, results include ongoing superior clinical program outcomes and the continuation of the industry-wide trend of lower-than-expected medical utilization.

It's important to remember that approximately 90% of our medical customers are in self-insured or experience-rated business arrangements. Therefore, lower utilization directly benefits our corporate clients and their employees in the form of lower total medical costs.

Now I'll dig a bit further into the success we're having with the execution of our growth strategy and how they connect to these results.

As a reminder, the strategy is to “Go Deep,” Go Global,” and “Go Individual.”

The ”Go Deep” component means we're building a leadership position in targeted markets, product lines, and customer segments by focusing on specific groups, such as Middle Market, where we have over 8% customer growth, and in the Select Segment, where we have approximately 9% customer growth. We are also targeting markets in geographies in the U.S. and abroad where we currently have an attractive existing portfolio and our growth outlook is favorable.

We are leveraging product strength, such as our disability product, where we have strong new business sales. Additionally, we are introducing new products -- for example, here in the U.S., our Chronic Condition Support Program, and in Spain, Private Medical Insurance for individuals.

We are also “Going Deep” by achieving attractive results with National Account customers who value engagement and health improvement capabilities. Finally, we are pursuing new distribution channels, including the Internet and Direct TV in global markets.

Each of these efforts is clearly aimed to retain, expand, and add new customer relationships.

Next is “Go Global,” which means we're leveraging the breadth of our established international footprint and capabilities to further differentiate our products and services, as well as expand into new geographies. We have been growing organically and also inorganically through our recent acquisition of Vanbreda International.

This acquisition establishes CIGNA as the leader in the expatriate space. The acquisition doubles our customer base in this business and further expands our global delivery network.

In addition to this strategic acquisition, we are growing our Health, Life and Accident, and global Expatriate businesses with double-digit revenue growth.

The ”Go Individual” component of our strategy identifies the individual as the customer – regardless of how we access them, either directly through individual policies or employer-sponsored plans.

We continue to experience very strong demand outside the U.S. for our products and services. As we leverage our enterprise capabilities, we believe a significant long-term opportunity also exists for us in the U.S. market.

Today, by effectively executing our strategy, CIGNA is helping individuals improve their health, well-being, and sense of security with more than 60 million customer relationships globally.

Now, if we step back a minute, as many of you know all too well, the U.S. marketplace has been changing dramatically over the last couple of years. There are a number of forces that we've seen the market confront, such as: the continued rise in health care costs, which employers indicate challenges their competitive position and is not sustainable; increased employer demand for better management of both cost and quality; increased individual demand for the same, coupled with a desire for help in making more informed decisions; and demand for better services and improved health outcomes

The philosophy and progress that I will comment on today are designed to answer this market demand.

At CIGNA, we have been implementing programs and have aligned our business strategy to “crack the code” on improving customer engagement, quality, and cost outcomes.

We fully recognize, embrace, and are leading what is required to deliver differentiated value and to create a sustainable system with more transparency of quality and cost, more engaged and empowered customers, more alignment between physicians and patients, and a system based on quality of outcomes, not the quantity of procedures.

With this backdrop, I'll talk about how we've been answering the need for improvements and providing value.

Research indicates that incentives get customers more engaged in their own health management. Last week, the results of our five-year CIGNA Choice Fund study were issued. It covers nearly 1 million customers, comparing incentive-based programs with traditional programs.

The headlines from that study are: engagement and quality of care improve without cost shifting. Customized incentive-based programs reduce costs without compromising care by engaging individuals to improve their health and helping them be more informed health care consumers.

Specific findings include lower cost for individuals and employers – 15% lower in the first year growing to 26% savings by year five; 10% greater use of preventive care services; more partnering with physicians to manage chronic conditions – 21% higher participation in disease management programs, which improves quality and lowers medical costs; individuals are more engaged – for example, they are 40% more likely to use online quality and cost information when making health care decisions, and 19% more likely to work with a health advocate to improve their health and wellness.

In the U.S., there's growing demand for our differentiated solutions that improve health and increase productivity by leveraging our medical and disability management programs.

That level of engagement works for both health improvement, as well as disability outcomes.

Importantly, independent studies validate our approach. For example, studies published by the Integrated Benefits Institute and JHA validate the impact of our disability management programs. Through early engagement with individuals, CIGNA is delivering short-term disability duration improvements of 8% over the industry average, and our customer service satisfaction ratings are well above the industry norms.

The evidence is clear in the study findings – engagement and incentive alignment have real value.

We've been talking with you for some time about the importance of engaging the individual and physicians in order to improve quality and lower costs. Using information and aligning incentives to strengthen the partnerships with physicians and their patients – our customers – is what the industry now calls Accountable Care Organizations.

So let's talk about what CIGNA is doing differently to make these concepts real. Our Accountable Care Organization approach is a partnership with doctors, designed to enhance quality of care for individuals, improve the service experience, and reduce overall costs.

The approach supports the shift from fragmented, costly health care to coordinated care anchored by the patient-physician relationship.

Let's discuss how it works.

The primary care physician is responsible for monitoring and facilitating all aspects of an individual's medical care. This is in collaboration with a team that may include nurses and health educators, all who direct individualized care and health coaching.

To make this work, incentives are expanded and specifically designed for health care professionals. Together, we enhance service and lower medical costs by expanding access and improving care coordination for patients through leveraging electronic medical records and clinical support systems, through broad access which includes after-hours and weekend scheduling, through embedded care coordinators, and through the tools to provide comprehensive care coordination to patients. This critical piece is accomplished with physician resources and CIGNA resources.

Today we currently have over 120,000 individuals and over 1,000 physicians in Accountable Care Organization programs spanning 11 states.

Recent results from one of our pilot programs are very encouraging. Gaps in care, which account for over half of the errors and complications in medical care in the U.S., were 10% better than the control group. This includes improving gaps in care for those considered “highest priority” by almost 14%.

The results of the five-year study of our incentive-based plan I spoke about earlier demonstrate that when we design the right programs, provide incentives, and provide support for people, they engage and improve their health while lowering costs.

Our success to date provides evidence that better, more sustainable health care solutions do exist when we shift from just focusing on sick care to health care as well.

Now, before I turn the call over to Tom, I want to reiterate that our third quarter results are strong and underscore the important contribution of each of our ongoing businesses.

I am pleased with the progress we have achieved to date on our growth strategy and with our 2010 financial and operating objectives. Our results are a testament to the dedication and hard work of our 30,000 plus CIGNA team members.

With 60 million customer relationships, each day our team has a real impact around the globe.

I'm confident in our ability to continue to execute on our business strategy and achieve our full year goals.

I'm proud of CIGNA's role as an innovative partner for customers, clients, and health care professionals in designing health care and disability solutions.

Both our mission and strategy recognize we are indeed in a rapidly changing marketplace. We greet change not as a reluctant insurance company, but as a forward-looking, global health service company. We are in a unique position to lead through engagement and innovation as we shape global health services for years to come.

With that, I'll turn the call over to Tom.

**Tom McCarthy (Acting Chief Financial Officer):**

Thanks David. Good morning everyone. In my remarks today, I will review CIGNA's third quarter 2010 results. I will also discuss our outlook for full year 2010.

In my review of consolidated and segment results, I will comment on adjusted income from operations. This is shareholders' income from continuing operations excluding realized investment results, GMIB results, and special items. This is also the basis on which I will provide our earnings outlook.

Our third quarter consolidated revenues were $5.3 billion, compared to $4.5 billion in the third quarter of 2009. Third quarter consolidated earnings were $299 million, or $1.10 per share, compared to $311 million, or $1.13 per share, in the third quarter of 2009.

The third quarter results reflect strong earnings and revenue contributions from each of our ongoing businesses – that is, International, Group Disability and Life, and Health Care – and we continue to leverage our diversified portfolio of programs and services to deliver value for the benefit of our customers and shareholders.

In Health Care, third quarter 2010 earnings were $240 million. This result reflects the benefit of lower-than-expected medical cost trend and solid execution of our business strategy, with continued membership growth in our targeted areas of focus and sustained clinical quality for our clients and customers.

Overall Health Care medical membership was up nearly 80,000 members versus the second quarter of 2010, bringing our year-to-date organic growth to approximately 3.5%. Excluding the Medicare Individual Private Fee for Service business, membership is up 2.9% on a year-to-date basis.

This result reflects continued success with our guaranteed cost, experience rated and Middle Market ASO products, offset somewhat by disenrollment in our National Account ASO business.

The growth in our commercial risk business was focused in our targeted markets and customer segments, including the Middle Market, Select, and Individual segments, where we also benefit from strong specialty product penetration.

Health Care premiums and fees grew 19% on a quarter-over-quarter basis. This increase reflects net membership growth and a change in membership mix, which includes a higher percentage of commercial and Medicare-related risk business.

Excluding Medicare Individual Private Fee for Service, our quarter-over-quarter growth in Health Care premiums and fees was 12%.

Turning now to medical costs, results in the quarter continued to demonstrate attractive medical cost trend and sustained clinical quality for our clients and customers. The medical cost trend includes the impact of the lower-than-expected medical services utilization.

As David mentioned, the majority of our customers – approximately 90% – are in funding arrangements whereby they directly benefit from medical cost improvements.

Across our risks book of business, our third quarter medical cost results include favorable prior period claim development of $30 million after-tax. Of this amount, $9 million is related to the prior year.

Specific to guaranteed cost, our year-to-date medical care ratio, or MCR, was 80.7% on a reported basis, or 81.7% excluding prior year claim development.

Regarding our experience-rated product, we continue to see good growth in this business at attractive margins.

Relative to new business in our experience-rated and guaranteed cost products, results to date continue to support our pricing targets and reflect good pricing and underwriting discipline.

ASO earnings in the quarter continue to reflect strong contributions from our specialty business.

Now, turning to operating expenses, we continue to focus on reducing our medical operating expense base and improving our competitive expense position, while maintaining our strong clinical delivery and service levels and funding strategic investments.

Year-to-date, medical operating expenses were down 2% while we are growing our covered lives by about 3%. We will continue to take action to reduce our operating expenses and create additional capacity for strategic investments.

Over the balance of 2010, we will incur some increased costs to support our membership growth, accelerate strategic investments, and support health care reform implementation. Overall, we expect a net reduction in medical operating expenses in 2010 and expect to improve our competitive expense position.

Now I will discuss the results of our other segments.

In our Group Disability and Life segment, third quarter earnings were $60 million. This result was in line with our expectations and reflects the strength of our disability management and return-to-work programs.

Revenues in the quarter were $758 million. Excluding the termination of two non-strategic government life insurance programs, Group revenues were up 9% in the third quarter of 2010 compared with the third quarter of 2009.

This segment continues to deliver differentiated value for our clients and customers, as well as attractive margins.

Turning now to our International segment, third quarter earnings were $50 million. This was also in line with expectations and reflects continued growth in our Health, Life and Accident, and Expatriate Benefits businesses.

International revenues in the quarter totaled $602 million, up 20% from the prior year quarter, or 18% on a currency-adjusted basis.

Our Health, Life and Accident business benefited from improved persistency and solid new sales in our targeted countries driven by both product and distribution channel expansion.

Our Expatriate benefits business continues to deliver attractive results with solid membership growth and strong renewal rate actions in our existing business. This segment will also benefit going forward from the recently acquired Vanbreda International business.

Overall, results in the third quarter were solid for each of the ongoing businesses in our diversified portfolio and demonstrate good execution of our growth strategy.

Earnings for our remaining operations, including Run-Off Reinsurance, Other Operations and Corporate, totaled to a loss of $51 million for the third quarter.

As Ted mentioned earlier, this includes reserve strengthening of $34 million after tax in our runoff VADBe book of business. Consistent with our discussion from the second quarter earnings call, this loss is primarily related to the sustained low interest rate environment. This increase in reserves does not have a material impact on our capital management outlook.

Turning now to our investment portfolio, results continue to be strong relative to current economic conditions. In the third quarter, we recognized net realized investment gains of $18 million after-tax, coupled with a strong net investment income result.

Our commercial mortgage loan portfolio continues to perform well in a challenging environment.

Overall, we continue to be pleased with the quality and diversification of our investment portfolio.

I will now discuss our capital management position and outlook.

Overall, we continue to have a strong balance sheet and good financial flexibility. Our subsidiaries remain well capitalized, with the statutory surplus consistent with our internal benchmarks and well in excess of regulatory minimums.

During the third quarter, we deployed capital to repurchase 2.5 million shares of CIGNA's common stock, and we invested approximately $400 million to fund the acquisition of Vanbreda International.

Regarding our pension plan, given that interest rates are currently at very low levels, when we complete our year-end evaluation, we expect to adjust the discount rate used in determining our pension plan obligations. However, we do not expect this change to have a material effect on our funding contributions or GAAP pension expense.

Regarding parent company liquidity, we ended the quarter with cash and short-term investments at the parent company of approximately $635 million. This reflects outstanding commercial paper borrowing of approximately $100 million, as well as $225 million earmarked for the retirement of long-term debt maturing in January 2011.

For the full year, we expect to end 2010 with parent company cash of $825 million. After considering our parent company cash target of $400 million, as well as commitments of $225 million for long-term debt maturities and $100 million for commercial paper maturities, our outlook implies that we would have approximately $100 million available for capital deployment.

As we look to the future, we will continue to carefully evaluate capital deployment options to ensure we deliver sustainable value for the benefit of our customers and shareholders. As such, our capital deployment strategy remains the same.

This strategy prioritizes the use of capital resources to: first, provide capital necessary to support growth and the financial strength of our subsidiaries; second, we would consider M&A activity with a focus on acquiring capabilities and scale; and finally, after considering these first two items, we would return capital to investors through share repurchase.

Overall, our capital position and outlook remain positive.

Turning now to our earnings outlook, for full year 2010, we now expect consolidated adjusted income from operations of $1.2 billion to $1.25 billion. This range is $40 million to $70 million higher than our previous expectations, primarily reflecting an increase in our Health Care outlook, and partially offset by the impact of the VADBe reserve strengthening in the third quarter. This outlook also assumes that our run-off VADBe results will be breakeven for the fourth quarter of 2010.

We now expect full year EPS in a range of $4.35 to $4.50 per share, which is an improvement of 10 cents to 25 cents per share over our previous expectations. This earnings per share outlook does not include the impact of any future share repurchase activity.

Regarding the impact of health care reform legislation, our 2010 outlook contemplates the benefit coverage requirements effective this year, certain operating expense items, and limitations on the future tax deductibility of certain retiree benefit programs and other compensation.

I will now discuss the components of our 2010 outlook, starting with Health Care.

We now expect full year Health Care earnings in the range of $825 million to $855 million, which is an improvement of $30 million to $60 million from our previous expectations. This improvement reflects the benefit of lower-than-expected medical cost trend and continued execution of our focused growth strategy.

Relative to medical membership, we expect year-end 2010 membership to be consistent with the current quarter result, with year-over-year growth of about 3.5%. This is an increase from our previous outlook of approximately 3% growth, reflecting continued strong customer retention and sales execution.

I would also reinforce that new business pricing and renewal rate actions we are obtaining as we grow our business are consistent with our expectations.

Turning to medical costs, for our guaranteed cost book of business, we now expect the full year MCR to be approximately 82%, which is an improvement of 100 basis points versus our previous expectations.

Our fourth quarter MCR anticipates a higher level of claims due to the seasonal impact of the increasing portion of our business in high deductible plans and also assumes that flu-related claims will be consistent with the fourth quarter of 2009.

As a result of the continued low claim utilization levels experienced in the third quarter, we have reduced our medical cost trend expectations by 50 basis points. We now expect the full year medical cost trend for our total book of business to be approximately 7.5%.

Regarding Medicare Advantage Private Fee for Service, we continue to assume a full year result that is approximately breakeven.

Now moving to the other components of our outlook, we continue to expect Group and International to contribute full year 2010 earnings of $510 million to $530 million.

Regarding our remaining operations – including Run-Off Reinsurance, Other Operations and Corporate -- we now expect a loss of $135 million for the full year 2010, which includes the impact of the third quarter VADBe reserve strengthening.

So all in, based on consolidated adjusted income from operations of $1.2 billion to $1.25 billion, we now expect consolidated EPS to be in a range of $4.35 to $4.50 per share.

Now to recap, our third quarter 2010 consolidated results reflect the strength of our global diversified portfolio of businesses and continued effective execution of our growth strategy.

Our current capital outlook is strong, and our investment portfolio is if high quality.

And finally, we remain confident in our ability to achieve our full year 2010 earnings outlook, which represents attractive earnings growth.

With that, I will turn it back over to David for some comments on 2011.

**David Cordani (President and Chief Executive Officer):**

Thanks Tom. I will now make some comments on 2011.

As you may expect, given the dynamic legislative and economic environment, it's too early to provide explicit 2011 guidance. Specifically, regulations from health care reform are still being developed, and their impact is not fully settled. In addition, the timing and pace of the normalization of medical service utilization is also unknown. Having said that, today I'll provide insights into our views on some key dynamics relevant to CIGNA for 2011.

First, I would remind you of our position as a global health service company with a diversified portfolio of capabilities. Second, we are effectively executing our growth strategy, as evidenced by the solid business fundamentals and good growth in our targeted markets, which is driving attractive 2010 earnings from each of our ongoing businesses and provides us with favorable momentum going into 2011.

Our International operations are generating double-digit revenue and earnings growth through the third quarter, reflecting improved customer retention and new sales in targeted geographies. We expect to continue to grow our revenues and earnings in our International business in 2011.

For Group Disability and Life, we are reporting solid premium growth in 2010 from a continued demand for our differentiated disability management programs in a challenging environment. All in, we expect our Group results to be stable in 2011 relative to 2010.

In Health Care, the legislative and economic uncertainties make it difficult for us to set expectations for 2011. However, let me make a few observations.

We have good momentum stepping into 2011 off a very strong 2010, where we are achieving membership growth in our targeted areas of focus and sustained clinical quality for the benefit of our clients and customers.

Also, we believe that our broad portfolio of health improvement products and services, which focuses on leveraging transparency and engagement with clients, customers, and health care professionals to improve health, is well aligned with the intent of health care reform.

We also have a higher mix of service-oriented, fee-based products and services compared to our major competitors, which better positions us to adapt to this changing marketplace.

This higher mix of self-funded and experience-rated business, where clients and customers directly benefit from medical cost savings, also means the impact of variability in utilization either on medical costs or the potential for customer rebates in 2011 will be less impactful for us than companies with larger risk-based medical membership.

So all in, while it is too early to set expectations for 2011 results, we believe our diversified portfolio of products and services will serve us well in this rapidly changing and dynamic environment.

With that, we'll turn the call over for your questions.

**Matthew Borsch (Goldman Sachs):**
Maybe I missed this last part. On your Health Care earnings directionally for 2011, can you say down, flat, up? And on the Disability and Life side, should we infer “stable” means you expect earnings would be more or less flat for that segment?

**David Cordani (President and Chief Executive Officer):**
No, I don't think you missed anything because we didn't provide any explicit guidance for Health Care.

On the second part of your question, we said that we would project Group to be stable. We'd note that as we've flagged in prior quarters, our Group insurance business is benefited by several items that we indicated would not repeat. Taking that into consideration, we'd expect that the strong 2010 results would be more indicative of a stable outlook for 2011.

Specific to Health Care, we didn't say up, flat, or down because it really is too early to say. What we did highlight, and feel very strongly about, is that we're carrying momentum out of 2010.

Secondly, with 90% of our business being experience-rated or service-oriented, there's a direct correlation between favorable medical expense trend unfolding and neutralizing the impact of rebates. We didn't characterize the 2011 earnings expectations otherwise.

**Matthew Borsch (Goldman Sachs):**
Understood. Maybe you could talk about what you're seeing in the market from smaller competitors, where plans or TPAs might be considering pulling out or wanting to sell the business with all of the reform changes coming. What are you seeing on that front?

**David Cordani (President and Chief Executive Officer):**
In the marketplace broadly, from a demand standpoint, employers continue to seek innovative products and programs, which is requiring companies to invest in capabilities around health improvement and engagement, transparency, the ability to communicate through mobile devices and otherwise.

If you take that into consideration with your comments relative to the reform implications, it's a pretty disrupted and unsettled environment.

To your macro question on emergence of consolidation in the marketplace, I'm not going to comment specifically around what is indeed transpiring.

**Matthew Borsch (Goldman Sachs):**
Could you characterize if employers are pressing you to be tougher on medical management or more restrictive given all of the trend pressures they’re facing combined with the economy?

**David Cordani (President and Chief Executive Officer):**
I put employers in a couple of different categories. The preponderance of employers that we're interacting with are actually orienting a little differently. There’s enough evidence now that says that if you get the right incentives aligned, if you get the right engagement programs, you actually get a better outcome and benefit rather than trying to double down on prior generation, if you will, medical management.

Now there are some employers that either have further opportunity because they have not been as effective with other services or programs, but I’d say the broader trend we’re seeing – our next evolution of what you might be calling medical management – are individual-specific clinical programs that use incentives, work with physicians to improve engagement, and lower cost by improving quality.

That's really where the big trend is right now.

**Josh Raskin (Barclays Capital):**
I know in the release you talked about favorable claims in the Run-Off Reinsurance business. I was just curious if you could quantify that.

And then I know you're not talking about Health Care earnings, but maybe you could talk a little about membership trend, particularly for January 1 in Health Care.

**Tom McCarthy (Acting Chief Financial Officer):**
I think you're referring to the fact that the Run-off Reinsurance segment's loss was less than the VADBe charge in the quarter. That includes some minor favorable development in our workers' compensation book and some other normal quarterly fluctuations. No other major drivers there aside from the VADBe charge.

**Josh Raskin (Barclays Capital):**
Could we say $7 million as the offsetting component? Would that be in the right ballpark?

**Tom McCarthy (Acting Chief Financial Officer):**
Yes, in the ballpark.

**David Cordani (President and Chief Executive Officer):**
The second part of your question, are you looking for membership trends to be specific?

**Josh Raskin (Barclays Capital):**
Yes.

**David Cordani (President and Chief Executive Officer):**
In 2010, first and foremost, the driving force behind our membership trends are very strong traction on our "Go Deep" strategy, through which we're seeing attractive retention and growth rates in our key segments and our key marketplaces.

Building on the comments I made to Matthew before, what we're seeing in 2011 is a continuation of demand for programs and services that show the ability to both improve quality and simultaneously reduce cost and/or improve productivity on a go-forward basis.

For 2010, we're very pleased with the traction we're seeing in our "Go Deep" strategy both geographically and by segment.

**Josh Raskin (Barclays Capital):**
Historically at this time of year you have given more explicit guidance around National Accounts, and understanding that's not necessarily a target market, it is still a big chunk of membership for you. So maybe some commentary on where you think National Accounts will be for 2011?

**David Cordani (President and Chief Executive Officer):**
First and foremost, National Accounts continues to be an important and target business segment for us.

The nuance that we continue to highlight is that we'll focus on those National Account buyers who value engagement and incentive-based programs to improve health.

Let me give you a little more color on that.

At the second quarter call, I said that the 2011 pipeline we had visibility to at that point was about the size of the pipeline we had from a year ago, and that was a healthy pipeline. Additionally, I said that the amount of our business that was out to bid, at that point in time in National Accounts, was about the size of the business that was out to bid a year ago.

So this segment is in pattern, in terms of looks and portions of our business that was out to bid. Additionally, I flagged that there was a large case in our portfolio with lower margin that was out to bid.

As we sit here in the third quarter, again without providing you explicit 2011 guidance, that pattern has played through and, as a result, directionally we would expect that our National Account performance in 2011 would look like our National Account performance in 2010 with an importance nuance.

We continue to see a change in the make-up of our book of business with more of the covered lives being engaged in incentive- and health improvement productivity-based programs year-after-year, which is on strategy.

**Josh Raskin (Barclays Capital):**
Okay. So, do you have similar first quarter expectations in 2011 relative to 2010?

**David Cordani (President and Chief Executive Officer):**
Again, we are not giving you 2011 guidance. If you just think about the pattern, the pattern right now as I sit here today looks like the pattern from a year ago.

**Christine Arnold (Cowen & Company):**
A couple of questions. In your comments on Health Care, you said the timing and pace of normal service utilization is unknown. Can you give us a sense for what you're expecting in your forward pricing for your guaranteed cost book of business?

And then in the quarter, given that the loss ratio for the total Health Care division was much higher than guaranteed cost, can you tell us whether either the Medicare Advantage MLR stayed in that 96% or 97% range or whether the experience-rated MLR upticked?

**David Cordani (President and Chief Executive Officer):**
I'll start on the direction of medical costs, and then ask Tom to comment on the trend and your specific MLR comment.

The underlying utilization trend is lower than expected, and what we're flagging is that we don't yet believe that sets a new normal for 2011. And if it does normalize, we're flagging that we're not sure when it normalizes.

We're seeing that the 90% of our customers who are in ASO and experience-rated arrangements are seeing the benefit of this trend, and we're flagging that there's some uncertainty as to whether or not it reverts back to historical patterns.

I'll ask Tom to comment on the specifics of what we're assuming from a pricing standpoint.

**Tom McCarthy (Acting Chief Financial Officer):**
First let me reiterate that we're comfortable with the pricing and underwriting discipline we're seeing right now and, looking at 2010, our pricing yields were generally in line with our expected medical trend. As trend materialized favorably compared to our expectation, we saw the loss ratio improve.

For 2011, we are expecting to deliver rates that are consistent with our expectations for medical cost and, again, that does include an increase in medical utilization from the current lower levels.

That's where we are on the pricing environment.

To your specific question on the overall loss ratio, I'd say that Medicare Private Fee for Service is continuing to perform as we expected, but there was a small uptick in the loss ratio in the quarter, so that's being reflected in the results.

**Christine Arnold (Cowen & Company):**
Okay. If I could ask you exactly where the prior period development was. You gave some sense for guaranteed cost, but could you break out those pieces in terms of prior year versus prior quarters so I can normalize the Medical Loss Ratios by business?

**Tom McCarthy (Acting Chief Financial Officer):**
The number I gave in my prepared remarks was across all the businesses, and includes $21 million of after-tax favorable development related to the prior period, and $9 million after-tax related to the prior year. That's the first breakdown.

Essentially all of the prior period development was related to guaranteed cost, with some pluses and minuses in between Shared Returns, Private Fee for Service, and the other businesses. The prior year development was largely in guaranteed cost – about $5 million of the $9 million after-tax.

**Christine Arnold (Cowen & Company):**
Okay. Thanks for that.

**John Rex (JP Morgan):**
Just continuing on an earlier theme, you said your pricing was consistent with your trend expectation and that your 2011 book will be consistent with that for next year. What is your trend expectation that you're incorporating for 2011?

**David Cordani (President and Chief Executive Officer):**
Without providing you 2011 guidance, we have not laid out a 2011 trend. We're mindful of the fact that there's an appetite for those pieces, but we have not provided that trend explicitly.

**John Rex (JP Morgan):**
Should I assume though that you're using a trend level that's higher than the 7.5% that you're seeing today? Would that be accurate?

**David Cordani (President and Chief Executive Officer):**
One way of thinking about it is to look back over the last couple of years at the medical trend performance that we've been able to deliver. The current year is maturing favorably, and as Tom referenced, the pricing assumption assumes somewhat of an uptick in utilization.

At this point, our contracting execution, or rate execution for medical costs, continues to be in line with our expectations.

**John Rex (JP Morgan):**
Okay. So I'll go with 8%. Moving beyond that, your book is going to be the least impacted by rebates of everyone, so let's say you have no rebate payments in 2011.

So, absent a spike in trend beyond what you're incorporating, what are the top three reasons why you wouldn't have earnings growth in the health segment in 2011?

**David Cordani (President and Chief Executive Officer):**
I'll reiterate a few points, then I'll try to illuminate one or two more points to be responsive to you.

Again, we're pleased with the results in 2010. We've seen strong execution of the "Go Deep" portion of our business plan and strategy. We're growing lives in our key segments and servicing those lives well from a service and clinical quality standpoint.

If you neutralize the rebates, which you're entitled to do, the next thing I'd ask you to think about is that we philosophically do not project prior year reserve development. That would be the second item for you to consider in terms of your projection.

Absent those two items then, you're going to model out what you think is going to happen from a growth standpoint, from a pricing standpoint, from a specialty standpoint, and from an operating expense and expense ratio standpoint. That's up to you model.

But, John, I would limit to those two as the items to flag. One is your rebate item; two is your posture on reserve development which is influenced by the medical costs that are beginning to unfold.

**John Rex (JP Morgan):**
Okay. And I wanted to clarify one other point you made. Inclusive of the large National Account loss, should we expect your National Account membership to be up on January 1?

**David Cordani (President and Chief Executive Officer):**
We didn't say that. What we said was that if you we look back a year compared to where we stand today, the overall performance in terms of pipeline of new opportunities, portions of our business that are out to bid, including the relationship you made reference to, it's about in pattern with where it was a year ago for the National Account segment. We made no comments on Middle Market or the Select segment.

And, very importantly, for the Select segment, with our employers with 50 to 250 employees, we're still in the height of the 2010 selling season right now, and it continues to perform well for us from a retention and new business sales standpoint.

**Charles Boorady (Credit Suisse):**
First, have you run the numbers on the NAIC model regulations on minimum loss ratios and what the rebate might have been had those regulations taken effect this year?

**David Cordani (President and Chief Executive Officer):**
As you know, the regulations continue to evolve and final dialogue is taking place. As you would expect, we've run numbers a variety of ways, a variety of times, and with a variety of combinations.

Given the fact that we're not providing you 2011 guidance, I don't want to speak to that specifically other than to state the obvious, that on an absolute size basis, it will be a relatively smaller impact to us at this point in time versus the marketplace in total.

**Charles Boorady (Credit Suisse):**
In CIGNA parlance, I haven't heard "relatively small" before, but you've used the word material and defined that word before. Would you say the rebate impact is material or not material to your earnings?

**David Cordani (President and Chief Executive Officer):**
I specifically didn't use that word because we are not providing guidance for 2011.

Again, you need to look at it from a relativity standpoint, as the MLR floor regulations impact the 10% of our book that is guaranteed cost. We ran the numbers a variety of ways, as I know you have as well. At this point we can't provide you with specific guidance on that.

**Charles Boorady (Credit Suisse):**
Second question is on interest rates. You talked about the VADBe business which was very helpful. Can you talk about the sensitivity of your bottom line results to low interest rates, including low mortgage rates?

So if rates stay where they are – interest rates, mortgage rates – indefinitely, what's the sort of annual net headwind to your bottom line that we should think about?

**Tom McCarthy (Acting Chief Financial Officer):**
You're thinking about the investment portfolio more broadly, I presume. I would point out that we tend to duration-match our portfolio, so a small portion of it turns over each year.

So we would expect to have higher-yielding assets roll off and lower-yielding assets replace them, but I wouldn't expect that would be a significant impact in the near term.

Over time that could be more of an issue, but not in the near term.

**Charles Boorady (Credit Suisse):**
So your mortgage portfolios, those mature and you get to pick up new mortgages at lower rates or some refinance. Is that going to have an impact to 2011 that we should think about?

**Tom McCarthy (Acting Chief Financial Officer):**
Again, we're not giving any 2011 guidance.

**Charles Boorady (Credit Suisse):**
What's the sensitivity? I'm thinking about this on an annual basis. If rates stay at this level, what kind of headwinds should we think about in terms of the net impact to your earnings? I know there are a lot of moving parts, but I thought you might be able to model it out for us. Can you give us a rough number to think about in terms of annual headwind to earnings from a very low interest rate environment?

**Tom McCarthy (Acting Chief Financial Officer):**
Again, the portfolio turnover is pretty low. I wouldn't have that as a high item on the list of things to think about.

**Charles Boorady (Credit Suisse):**
Okay. Thanks.

**Doug Simpson (Morgan Stanley):**
I was wondering if you could talk about Vanbreda International. How should we think about sizing that business given when it came in during the quarter? Can we basically assume it was in there for a month and try to extrapolate that?

Also, if I'm looking at the statistical supplement correctly, it looked like the revenues in Europe were down a bit sequentially, and I'm trying to understand the geography of Vanbreda International's footprint.

**David Cordani (President and Chief Executive Officer):**
I'll start with a couple of comments on Vanbreda International, and I'll ask Tom to talk about the directional earnings pattern.

First, we view this business and this acquisition as attractive and strategic. There are some great complements geographically and in terms of business segment. And as I referenced in the prepared comments, the acquisition positions us as a leader in the expatriate space.

Secondly, the business has benefited by both a very talented and tenured team of employees and very long-standing customer and client relationships. We're keenly focused on both items: retaining that talented employee base, as well as retaining and building on the client relationship base.

I'll ask Tom to talk directionally around what you're starting to see in the reported results, and how that will unfold2011 and beyond.

**Tom McCarthy (Acting Chief Financial Officer):**
For 2011, we're expecting contributions from Vanbreda International in the range of $10 million to $15 million after-tax.

We project that earnings will ramp up in 2012, when we're forecasting contributions of $50 million or more in after-tax earnings. That's a combination of both the integration costs and the fact that we're taking some time to transition some of the relationships from some of Vanbreda International's current partners.

On your specific question on the disclosure in the statistical supplement, the geographic breakdown there reflects our Health, Life and Accident business, and so it wouldn't include the impact of Vanbreda International as part of the expatriate benefit segment.

And your assumption is correct: we would expect significant revenue growth in Europe related to Vanbreda International, but it wouldn't be reported in that particular chart.

**Doug Simpson (Morgan Stanley):**
As a competitive backdrop in Asia, do you bump much into AIA or Prudential, or is there just not much overlap there?

**David Cordani (President and Chief Executive Officer):**
The competitive profile in Asia varies by country. We have to look at that on a country specific basis. When I think about your question, I'm going to go more to the Health, Life and Accident side of our business. We have a number of competitors in some ways, but in other ways we have very few competitors because we are typically operating a different distribution model, as you recall from prior conversations.

Our direct-to-consumer telemarketing, internet, direct TV and other channels – all together -- comprise a different distribution channel.

But to your specific point, those are familiar competitors to us in some geographies.

**Doug Simpson (Morgan Stanley):**
Okay. Great. Thanks.

**Carl McDonald (Citi):**
I have an International question. I'm trying to understand what a good run rate is for earnings this year. The earnings have been all over the place through the first three quarters and maybe you can help us with what explains the difference.

**David Cordani (President and Chief Executive Officer):**
Most importantly, at a macro level, the earnings trajectory is what we're most pleased about and excited about, as we're continuing to build off of the double-digit top line and bottom line growth for this business.

You're correct. The earnings have been a bit lumpy this year.

I'll I would bring you back to my prepared remarks when we provided expectations on 2011 relative to the International segment. We project further revenue and earnings growth in 2011 off of a pretty attractive base in 2010.

**Carl McDonald (Citi):**
And separately, on the experience-rated results, where customers are seeing the benefit of the lower cost trend, what's the timing on that? Would they see that benefit next year as those contracts re-price?

**Tom McCarthy (Acting Chief Financial Officer):**
No. That benefit would roll in over time as the experience rating formulas get updated.

**Carl McDonald (Citi):**
Thank you.

**Justin Lake (UBS):**
My first question is on the balance sheet. If I'm calculating this correctly, it looks like days claims payable might have been up three days sequentially. Can you speak to what the drivers are? Did you see some kind of slowdown in claims processing that we should note?

**Tom McCarthy (Acting Chief Financial Officer):**
There really isn't anything of note to call out in the quarter in claims processing or days claims payable. It's a business as usual result.

**Justin Lake (UBS):**
Okay. Am I calculating that number right, as far as up three days sequentially?

**David Cordani (President and Chief Executive Officer):**
Justin, I suggest that you follow up with Ted to go through that.[1] Now, I would highlight we've had meaningful change in our book of business with an increase in high deductible plans and Private Fee for Service plans.

But very important to your core point, there has been no change in claim payment patterns for us. There has been no slowdown in claim payment patterns that are meaningful to discuss at all.

**Justin Lake (UBS):**
Okay. My second question is on operating costs. Can you give us some order of magnitude on how much higher operating expenses will be in the fourth quarter jumping off the third quarter run rate.

And then can you provide an update on the target of $150 million to $200 million in operating cost savings that you have out there for 2011 and 2012, with any specifics around areas of savings over the two-year period?

**David Cordani (President and Chief Executive Officer):**
Relative to the first part of your question, for the fourth quarter we typically will incur some additional costs to prepare ourselves for servicing expanded business and even the renewal pattern that takes place for our business. So in the fourth quarter you typically see an uptick.

Secondly, as we continue to grow the book of business throughout the year, there is additional variable cost required to be able to support that. So you'll see some offset in spending.

At the end of the day, we expect that our expense ratio will demonstrate improvement in 2010 versus 2009.

Specific to your second question in terms of the longer term operating expense reduction objectives, we continue to stay focused on a few items.

One, we'll continue reducing our medical operating expenses. Two, we will make smart tradeoffs and decisions on further investing in strategic capabilities, either technology or additional growth capabilities. Three, as Tom said in his prepared remarks, we continue to improve our relative competitive position.

I'm not going to give you a number now, because we're not providing 2011 guidance. As we look forward we could see good expense improvement opportunities in a few areas: vendor management, targeted outsourcing and real estate, as well as in a couple of areas of employment-related cost.

When we provide 2011 guidance, we will talk about where the net reductions are going to come from for 2011 and any tradeoffs we'll make for further investments.

**Justin Lake (UBS):**
Okay, that's great. Thanks.

**Josh Marans (Bank of America Merrill Lynch):**

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[1] Days claims payable for the third quarter of 2010 did not change materially compared to the second quarter of 2010.

This is Josh Marans in for Kevin Fischbeck. Coming back to the International business, it looks like the pre-tax margins in the third quarter dropped from the first half of 2010 a little bit more sharply than they did in 2009. Can you comment on what's driving that? What should we think about in terms of margins longer term, i.e. some of the headwinds and tailwinds we should consider?

**Tom McCarthy (Acting Chief Financial Officer):**
The lower pre-tax margins in the third quarter are just normal variability. I would also acknowledge we are investing in expanding channels and new markets. So there's a little bit of that impact on the margin results. But I wouldn't read too much into the quarter-over-quarter comparisons.

**Josh Marans (Bank of America Merrill Lynch):**
Okay. And then how about the longer term margin outlook in International? What are some of the headwinds and tailwinds we should be thinking about?

**Tom McCarthy (Acting Chief Financial Officer):**
We still expect to earn good margins. We would expect to continue to make strategic investments. The growth momentum is definitely a tailwind. The investment in expanding into new markets and channels would be the major headwinds I'd point out.

**Josh Marans (Bank of America Merrill Lynch):**
Okay, thank you.

**Sarah James (Wedbush):**
I'll continue on the topic of International. How should we think about the earnings contribution potential from this segment over the long term?

And then what are some of the drivers to get there as far as the topline growth? Are these new market entrances deepening your presence in existing markets or maybe you have a relationship with local governments already, or is it selling more products into your existing book?

And then what are some of the hurdles that you would face in achieving this either from a local regulatory front or should we be thinking more about it just getting the right teams in place?

**David Cordani (President and Chief Executive Officer):**
Relative to the long-term opportunity here, on a broad basis we see it as quite attractive. If you neutralize for any potential acquisitions, and you look at the topline and bottom line growth trajectory of that business versus our attractive but lesser growth trajectory for the U.S. business, you would see it growing to a larger portion of the CIGNA portfolio.

As I noted in the past, if you follow the math, the International segment could grow from 20% to 30% of the portfolio over the next three- to five-year time horizon.

And how is that driven? Our strategy has us driving a few things to make that happen. First is leveraging our existing product portfolio in each of the countries we're in.

And what that means is we don't use all of our products in every country we're in today, and we have further leverage in those countries.

Second is leveraging each of our distribution channels in every country we're in.

Then third is designing and delivering new products. It's a fundamental part of how that business operates.

And then fourth is entering new geographies.

As Tom referenced earlier, there's an investment to enter those new geographies or develop those new products and we put that in our investment queue.

As it relates to capabilities, we're actually benefiting from a broad cadre of local leadership in each country, as well as a license and regulatory configuration that we can build off of.

We don't see an explicit headwind to our growth trajectory that I would highlight other than continuing to execute our disciplined plan of growing in existing countries as part of our "Go Deep" strategy and then expanding smartly into new countries as part of our "Go Global" strategy.

**Sarah James (Wedbush):**
Great. Thank you.

**Ana Gupte (Sanford Bernstein):**
A couple of questions on the cost trend, related to different drivers. There was a period of controversy around what the reform provisions would contribute to cost trends, so let's just assume your 50 basis point decrease in trend is non-recurring, and so you get to an 8% trend as a run rate. Can you tell us what you might have assumed for the uptick from reform?

Also, have the last four weeks in the fourth quarter given you some window into the claims experienced from dependent coverage and all those other things?

**David Cordani (President and Chief Executive Officer):**
First, just to frame what we think about the impact of reform, when we talked about this in the past, we noted that a good percentage of our portfolio of businesses already has extremely comprehensive preventative care, as an example.

So our portfolio of businesses, generally speaking, was more comprehensive and that's based on the fact that we had National Accounts and Middle Market customers as the predominant portion of our portfolio.

Secondly, at a macro level, if we looked at all the coverage dimensions, we contemplated a relationship that moved from non-compliance to fully compliant with the new regulations. That impact was a range of 100 to 300 basis points.

Lastly, it's still early to look at emerging third quarter data and whether or not that 100 to 300 basis points impact is the exact accurate number.

My final comment is we've seen no negative indicators to tell us that our assumptions are wrong to date. But we are cautious because it's early on.

**Ana Gupte (Sanford Bernstein):**
Thanks. And then one more driver, you talked about Accountable Care Organizations and the pilots that you're doing. As you're looking into your contract renewals for 2011 and then broadly over a three-year period, do you see any indication that the industry, and yourself included, might see some abatement in the unit cost trend, which has been the biggest driver of trend on the inpatient side and largely in outpatient, as well?

**David Cordani (President and Chief Executive Officer):**
I see a bifurcated trend possibly emerging.

One scenario is if yesterday's model continues to play through more aggressively, you could argue that you'd see increasing unit cost pressure given market dynamics.

Conversely, for an Accountable Care Organization or medical home model where you're redefining the financial incentives, you're focusing more on the total quality of outcomes to generate the cost outcomes.

Here, I believe you have the opportunity to get what you referenced, which is a bit of abatement to the unit cost.

And obviously that second category is where we're focused, with over 100,000 lives currently in ACOs, over 1000 physicians in 11 states that we're operating in today.

So we believe that type of activity of incentive alignment is critical to get to a more orderly trend on a go-forward basis.

**Ana Gupte (Sanford Bernstein):**
Thank you.

**David Cordani (President and Chief Executive Officer):**

Thanks. In closing, I want to emphasize three points about our businesses. First, our third quarter 2010 results were strong, which reflects the value we're delivering to our customers and clients we serve around the world; the importance of our diversified portfolio businesses, as well as the strength and the fundamentals in each; and our effective execution of our growth strategy.

Second, as I highlighted earlier in my comments, we are adding value by engaging individuals and health care professionals to enhance quality of care, improve service, and reduce costs.

Our Accountable Care Organizations and incentive-based programs are just two examples of how we're adding value. This approach to providing value is not a new focus for us, as it is at the center of our mission to improve the health, well-being and sense of security of the individuals we serve. This approach is more important than ever.

And finally, I believe our diversified portfolio of businesses positions us for continued success in a rapidly changing and dynamic marketplace.

We thank you for joining us today on our call.

**END**