

Fourth Quarter 2015

# Financial Supplement

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This document is supplemental to our fourth quarter and full-year 2015 earnings press release issued on February 1, 2016 and should be read in conjunction therewith and in conjunction with our 2015 Annual Report on Form 10-K when filed with the U.S. Securities and Exchange Commission. Please direct questions with respect to this material to Tom Cowhey, Head of Investor Relations at 860-273-2402 or CowheyT@aetna.com.

## Financial Highlights

(Millions, except per common share data)	Three Months Ended December 31,			Year Ended December 31,		
	2015	2014	Change	2015	2014	Change
<b><u>Operating Earnings</u></b> <sup>(1)</sup>						
Business Segments:						
Health Care	\$ 492.8	\$ 447.6	10.1 %	\$ 2,711.8	\$ 2,376.5	14.1 %
Group Insurance	21.7	21.3	1.9 %	136.0	171.0	(20.5) %
Large Case Pensions	4.3	5.6	(23.2) %	17.0	20.7	(17.9) %
Total - Business Segments	518.8	474.5	9.3 %	2,864.8	2,568.2	11.5 %
Corporate Financing <sup>(2)</sup>	(36.7)	(40.5)	9.4 %	(147.7)	(163.6)	9.7 %
<b>Operating Earnings</b>	<b>\$ 482.1</b>	<b>\$ 434.0</b>	<b>11.1 %</b>	<b>\$ 2,717.1</b>	<b>\$ 2,404.6</b>	<b>13.0 %</b>
Operating earnings per common share	\$ 1.37	\$ 1.22	12.3 %	\$ 7.71	\$ 6.70	15.1 %
Net income <sup>(3)</sup> (GAAP measure)	\$ 320.8	\$ 232.0	38.3 %	\$ 2,390.2	\$ 2,040.8	17.1 %
Net income per common share <sup>(3)</sup> (GAAP measure)	.91	.65	40.0 %	6.78	5.68	19.4 %
Weighted average common shares - diluted	352.9	354.6	(.5) %	352.6	359.1	(1.8) %
<b><u>Operating Margin</u></b>						
Pretax operating margin <sup>(1)</sup>	6.0 %	5.5 %	.5 pts.	8.3 %	7.6 %	.7 pts.
After-tax net income margin (GAAP Measure)	2.1 %	1.6 %	.5 pts.	4.0 %	3.5 %	.5 pts.
<b><u>Operating Revenue by Segment</u></b> <sup>(1)</sup>						
Health Care	\$ 14,404.2	\$ 14,068.1	2.4 %	\$ 57,501.4	\$ 55,044.2	4.5 %
Group Insurance	618.3	615.6	.4 %	2,478.3	2,475.4	.1 %
Large Case Pensions	67.5	87.7	(23.0) %	311.7	403.2	(22.7) %
Operating revenue	\$ 15,090.0	\$ 14,771.4	2.2 %	\$ 60,291.4	\$ 57,922.8	4.1 %
<b><u>Operating Expense Ratios:</u></b>						
Operating expense ratio <sup>(1)</sup>	20.5 %	19.7 %	.8 pts.	19.0 %	18.3 %	.7 pts.
Total company expense ratio (GAAP measure)	21.3 %	20.8 %	.5 pts.	19.3 %	18.7 %	.6 pts.
				<b>December 31,</b>	<b>December 31,</b>	
				<b>2015</b>	<b>2014</b>	
Total Debt to Consolidated Capitalization Ratio (GAAP measure)				32.7 %	37.2 %	(4.5) pts.

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Health Care and Group Insurance Statistics

(Millions)	Three Months Ended December 31,			Year Ended December 31,		
	2015	2014	Change	2015	2014	Change
<b>Health Care</b>						
<b>Premiums</b>						
Commercial	\$ 7,100.0	\$ 7,284.2	(2.5) %	\$ 28,708.6	\$ 28,563.2	0.5 %
Government	5,806.7	5,361.8	8.3 %	22,909.5	20,999.0	9.1 %
Health Care	\$ 12,906.7	\$ 12,646.0	2.1 %	\$ 51,618.1	\$ 49,562.2	4.1 %
<b>Health Care Costs</b>						
Commercial	\$ 5,770.0	\$ 5,975.8	(3.4) %	\$ 23,056.5	\$ 22,917.3	0.6 %
Government	4,795.7	4,525.3	6.0 %	18,655.5	17,829.4	4.6 %
Health Care	\$ 10,565.7	\$ 10,501.1	.6 %	\$ 41,712.0	\$ 40,746.7	2.4 %
<b>Medical Benefit Ratios ("MBR")</b>						
Commercial	81.3 %	82.0 %	(.7) pts.	80.3 %	80.2 %	.1 pts.
Government	82.6 %	84.4 %	(1.8) pts.	81.4 %	84.9 %	(3.5) pts.
Health Care	81.9 %	83.0 %	(1.1) pts.	80.8 %	82.2 %	(1.4) pts.
<b>Group Insurance</b>						
Benefit ratio	86.0 %	87.5 %	(1.5) pts.	85.9 %	85.2 %	.7 pts.

(Millions)	As of December 31, 2015			As of December 31, 2014		
	Reinsurance *	Risk Adjustment	Risk Corridor	Reinsurance	Risk Adjustment	Risk Corridor
Current assets (liabilities) **	\$ 394.5	\$ (710.2)	\$ (8.1)	\$ 337.6	\$ (230.0)	\$ (9.6)

\* Aetna is accruing its 2015 reinsurance recoverable at a rate of 60% for eligible claim amounts between \$45,000 and \$250,000.

\*\* As of December 31, 2015, \$7.4 million of Health Care Reform risk adjustment receivables and \$2.2 million of Health Care Reform risk corridor receivables each relate to the 2014 program, with the remainder of the net balance related to the 2015 program.

	December 31, 2015	September 30, 2015	June 30, 2015	March 31, 2015	December 31, 2014
<b>Days Claims Payable</b>	54.9	54.3	51.8	53.5	49.2

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Health Care Membership

(Thousands)	December 31, 2015			September 30, 2015			December 31, 2014		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
<b>Products</b>									
Medical:									
Commercial	5,777	13,593	19,370	5,889	13,614	19,503	6,314	13,508	19,822
Medicare Advantage	1,251	-	1,251	1,246	-	1,246	1,140	-	1,140
Medicare Supplement	566	-	566	534	-	534	462	-	462
Medicaid <sup>(4)</sup>	1,529	771	2,300	1,461	762	2,223	1,370	754	2,124
Total Medical	9,123	14,364	23,487	9,130	14,376	23,506	9,286	14,262	23,548
Consumer-Directed Health Plans <sup>(5)</sup>			4,029			4,006			3,830
Dually-Eligible for Medicare and Medicaid <sup>(4)</sup>			27			28			11
Dental:									
Total Dental	6,243	8,391	14,634	6,215	8,428	14,643	6,138	8,391 <sup>(a)</sup>	14,529
Pharmacy Benefit Management Services:									
Commercial			10,237			10,434			10,731
Medicare PDP (stand-alone)			1,466			1,443			1,572
Medicare Advantage PDP			863			861			754
Medicaid <sup>(4)</sup>			2,587			2,568			2,262
Total Pharmacy Benefit Management Services			15,153			15,306			15,319
<b>Regions <sup>(b)</sup></b>									
Northeast	2,166	2,952	5,118	2,160	2,960	5,120	2,314	2,905	5,219
Southeast	2,173	3,183	5,356	2,179	3,190	5,369	2,149	3,167	5,316
Mid-America	2,507	2,913	5,420	2,520	2,937	5,457	2,372	2,980	5,352
West	1,837	5,008	6,845	1,854	4,999	6,853	1,999	4,950	6,949
Other	440	308	748	417	290	707	452	260	712
Total Medical	9,123	14,364	23,487	9,130	14,376	23,506	9,286	14,262	23,548
Percent of Total	38.8%	61.2%	100.0%	38.8%	61.2%	100.0%	39.4%	60.6%	100.0%

<sup>(a)</sup> Dental ASC membership at December 31, 2014 has been revised to reflect a reduction of approximately 1 million Dental ASC members, as the applicable Medicaid ASC members did not have a Dental ASC product at such date. This revision did not affect our financial statements.

<sup>(b)</sup> September 30, 2015 and December 31, 2014 membership by geographic region were reclassified to conform with the 2015 presentation.

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Statements of Net Income (Loss) by Segment

(Millions)	Health Care	Group Insurance	Large Case Pensions	Total Business Segments	Corporate Financing <sup>(2)</sup>	Consolidated
<b>Three Months Ended December 31, 2015</b>						
Operating revenue:						
Premiums	\$ 12,906.7	\$ 538.9	\$ 4.3	\$ 13,449.9	\$ -	\$ 13,449.9
Fees and other revenue	1,391.0	23.9	2.4	1,417.3	-	1,417.3
Net investment income	106.5	55.5	60.8	222.8	-	222.8
Operating revenue (excludes net realized capital losses)	14,404.2	618.3	67.5	15,090.0	-	15,090.0
Benefits and expenses:						
Health care costs	10,565.7	-	-	10,565.7	-	10,565.7
Current and future benefits	-	463.7	60.8	524.5	-	524.5
Operating expenses:						
Selling expenses	365.8	31.7	-	397.5	-	397.5
General and administrative expenses (benefits), excluding an other item <sup>(6)</sup>	2,624.4	94.1	3.3	2,721.8	(21.7)	2,700.1
Total operating expenses (benefits)	2,990.2	125.8	3.3	3,119.3	(21.7)	3,097.6
Interest expense, excluding an other item <sup>(6)</sup>	-	-	-	-	78.1	78.1
Total benefits and expenses (excludes amortization of other acquired intangible assets and an other item) <sup>(6)</sup>	13,555.9	589.5	64.1	14,209.5	56.4	14,265.9
Operating earnings (loss) before income taxes (benefits)	848.3	28.8	3.4	880.5	(56.4)	824.1
Less: Income taxes (benefits)	354.8	7.1	(.7)	361.2	(19.7)	341.5
Less: Income (loss) attributable to non-controlling interests	.7	-	(.2)	.5	-	.5
Operating earnings (loss) <sup>(1)</sup>	492.8	21.7	4.3	518.8	(36.7)	482.1
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>	(72.7)	-	-	(72.7)	(20.6)	(93.3)
Amortization of other acquired intangible assets, net of tax	(41.1)	(.1)	-	(41.2)	-	(41.2)
Net realized capital losses, net of tax	(18.1)	(3.8)	(4.9)	(26.8)	-	(26.8)
Net income (loss) <sup>(3)</sup> (GAAP measure)	\$ 360.9	\$ 17.8	\$ (.6)	\$ 378.1	\$ (57.3)	\$ 320.8
<b>Three Months Ended December 31, 2014</b>						
Operating revenue:						
Premiums	\$ 12,646.0	\$ 528.1	\$ 6.1	\$ 13,180.2	\$ -	\$ 13,180.2
Fees and other revenue	1,323.5	26.2	2.7	1,352.4	-	1,352.4
Net investment income	98.6	61.3	78.9	238.8	-	238.8
Operating revenue (excludes net realized capital (losses) gains)	14,068.1	615.6	87.7	14,771.4	-	14,771.4
Benefits and expenses:						
Health care costs	10,501.1	-	-	10,501.1	-	10,501.1
Current and future benefits	-	461.9	77.2	539.1	-	539.1
Operating expenses:						
Selling expenses	384.8	30.1	-	414.9	-	414.9
General and administrative expenses (benefits), excluding other items <sup>(6)</sup>	2,423.5	91.7	3.3	2,518.5	(19.5)	2,499.0
Total operating expenses (benefits)	2,808.3	121.8	3.3	2,933.4	(19.5)	2,913.9
Interest expense	-	-	-	-	81.8	81.8
Total benefits and expenses (excludes amortization of other acquired intangible assets and other items) <sup>(6)</sup>	13,309.4	583.7	80.5	13,973.6	62.3	14,035.9
Operating earnings (loss) before income taxes (benefits)	758.7	31.9	7.2	797.8	(62.3)	735.5
Less: Income taxes (benefits)	314.1	10.6	.8	325.5	(21.8)	303.7
Less: (Loss) income attributable to non-controlling interests	(3.0)	-	.8	(2.2)	-	(2.2)
Operating earnings (loss) <sup>(1)</sup>	447.6	21.3	5.6	474.5	(40.5)	434.0
Transaction and integration-related costs, net of tax <sup>(6)</sup>	(32.3)	-	-	(32.3)	-	(32.3)
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>	-	-	-	-	(58.1)	(58.1)
Pension settlement charge, net of tax <sup>(6)</sup>	-	-	-	-	(72.5)	(72.5)
Amortization of other acquired intangible assets, net of tax	(38.8)	-	-	(38.8)	-	(38.8)
Net realized capital (losses) gains, net of tax	(2.6)	1.9	.4	(.3)	-	(.3)
Net income (loss) <sup>(3)</sup> (GAAP measure)	\$ 373.9	\$ 23.2	\$ 6.0	\$ 403.1	\$ (171.1)	\$ 232.0

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Statements of Net Income (Loss) by Segment

(Millions)	Health Care	Group Insurance	Large Case Pensions	Total Business Segments	Corporate Financing <sup>(2)</sup>	Consolidated
<b>Year Ended December 31, 2015</b>						
Operating revenue:						
Premiums	\$ 51,618.1	\$ 2,138.5	\$ 32.2	\$ 53,788.8	\$ -	\$ 53,788.8
Fees and other revenue, excluding an other item <sup>(6)</sup>	5,474.9	101.9	9.4	5,586.2	-	5,586.2
Net investment income	408.4	237.9	270.1	916.4	-	916.4
Operating revenue (excludes net realized capital losses and an other item) <sup>(6)</sup>	57,501.4	2,478.3	311.7	60,291.4	-	60,291.4
Benefits and expenses:						
Health care costs	41,712.0	-	-	41,712.0	-	41,712.0
Current and future benefits	-	1,836.4	284.2	2,120.6	-	2,120.6
Operating expenses:						
Selling expenses	1,489.7	121.4	-	1,611.1	-	1,611.1
General and administrative expenses (benefits), excluding other an item <sup>(6)</sup>	9,542.6	346.1	12.6	9,901.3	(86.3)	9,815.0
Total operating expenses (benefits)	11,032.3	467.5	12.6	11,512.4	(86.3)	11,426.1
Interest expense, excluding an other item <sup>(6)</sup>	-	-	-	-	313.5	313.5
Total benefits and expenses (excludes amortization of other acquired intangible assets and an other item) <sup>(6)</sup>	52,744.3	2,303.9	296.8	55,345.0	227.2	55,572.2
Operating earnings (loss) before income taxes (benefits)	4,757.1	174.4	14.9	4,946.4	(227.2)	4,719.2
Less: Income taxes (benefits)	2,042.4	38.4	(3.6)	2,077.2	(79.5)	1,997.7
Less: Income attributable to non-controlling interests	2.9	-	1.5	4.4	-	4.4
Operating earnings (loss) <sup>(1)</sup>	2,711.8	136.0	17.0	2,864.8	(147.7)	2,717.1
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>	(157.3)	-	-	(157.3)	(32.5)	(189.8)
Litigation-related proceeds, net of tax <sup>(6)</sup>	71.3	-	-	71.3	-	71.3
Amortization of other acquired intangible assets, net of tax	(165.8)	(.2)	-	(166.0)	-	(166.0)
Net realized capital losses, net of tax	(33.2)	(.3)	(8.9)	(42.4)	-	(42.4)
Net income (loss) <sup>(3)</sup> (GAAP measure)	\$ 2,426.8	\$ 135.5	\$ 8.1	\$ 2,570.4	\$ (180.2)	\$ 2,390.2
<b>Year Ended December 31, 2014</b>						
Operating revenue:						
Premiums	\$ 49,562.2	\$ 2,109.9	\$ 76.4	\$ 51,748.5	\$ -	\$ 51,748.5
Fees and other revenue	5,114.4	104.3	9.7	5,228.4	-	5,228.4
Net investment income	367.6	261.2	317.1	945.9	-	945.9
Operating revenue (excludes net realized capital gains)	55,044.2	2,475.4	403.2	57,922.8	-	57,922.8
Benefits and expenses:						
Health care costs	40,746.7	-	-	40,746.7	-	40,746.7
Current and future benefits	-	1,798.3	366.7	2,165.0	-	2,165.0
Operating expenses:						
Selling expenses	1,536.9	116.1	-	1,653.0	-	1,653.0
General and administrative expenses (benefits), excluding other items <sup>(6)</sup>	8,703.4	337.2	12.4	9,053.0	(77.6)	8,975.4
Total operating expenses (benefits)	10,240.3	453.3	12.4	10,706.0	(77.6)	10,628.4
Interest expense	-	-	-	-	329.3	329.3
Total benefits and expenses (excludes amortization of other acquired intangible assets and other items) <sup>(6)</sup>	50,987.0	2,251.6	379.1	53,617.7	251.7	53,869.4
Operating earnings (loss) before income taxes (benefits)	4,057.2	223.8	24.1	4,305.1	(251.7)	4,053.4
Less: Income taxes (benefits)	1,679.6	52.8	.1	1,732.5	(88.1)	1,644.4
Less: Income attributable to non-controlling interests	1.1	-	3.3	4.4	-	4.4
Operating earnings (loss) <sup>(1)</sup>	2,376.5	171.0	20.7	2,568.2	(163.6)	2,404.6
Transaction and integration-related costs, net of tax <sup>(6)</sup>	(134.2)	-	-	(134.2)	-	(134.2)
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>	-	-	-	-	(117.8)	(117.8)
Pension settlement charge, net of tax <sup>(6)</sup>	-	-	-	-	(72.5)	(72.5)
Release of litigation-related reserve, net of tax <sup>(6)</sup>	67.0	-	-	67.0	-	67.0
Amortization of other acquired intangible assets, net of tax	(157.4)	(.8)	-	(158.2)	-	(158.2)
Net realized capital gains, net of tax	41.5	9.4	1.0	51.9	-	51.9
Net income (loss) <sup>(3)</sup> (GAAP measure)	\$ 2,193.4	\$ 179.6	\$ 21.7	\$ 2,394.7	\$ (353.9)	\$ 2,040.8

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Balance Sheets

(Millions)	December 31, 2015			December 31, 2014		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
<b>Assets</b>						
Current assets:						
Cash and cash equivalents	\$ 2,404.6	\$ 119.7	\$ 2,524.3	\$ 1,303.9	\$ 116.5	\$ 1,420.4
Investments	2,601.1	413.7	3,014.8	1,876.6	718.6	2,595.2
Premiums receivable, net	1,753.1	-	1,753.1	1,623.0	-	1,623.0
Other receivables, net	2,403.6	39.6	2,443.2	2,021.2	44.7	2,065.9
Accrued investment income	176.8	50.9	227.7	165.6	58.3	223.9
Collateral received under securities lending agreements	-	-	-	539.0	287.9	826.9
Income taxes receivable	203.9	14.5	218.4	407.4	(34.7)	372.7
Deferred income taxes	-	-	-	408.9	34.1	443.0
Other current assets	2,506.3	8.7	2,515.0	2,185.0	8.0	2,193.0
<b>Total current assets</b>	<b>12,049.4</b>	<b>647.1</b>	<b>12,696.5</b>	<b>10,530.6</b>	<b>1,233.4</b>	<b>11,764.0</b>
Long-term investments	16,519.1	5,145.7	21,664.8	16,505.5	5,688.4	22,193.9
Reinsurance recoverables	716.7	7.2	723.9	743.0	8.4	751.4
Goodwill	10,636.8	-	10,636.8	10,613.2	-	10,613.2
Other acquired intangible assets, net	1,688.3	-	1,688.3	1,948.3	-	1,948.3
Property and equipment, net	615.4	14.3	629.7	654.9	14.9	669.8
Other long-term assets	1,307.0	-	1,307.0	1,130.0	-	1,130.0
Separate Accounts assets	-	4,035.1	4,035.1	-	4,331.5	4,331.5
<b>Total assets</b>	<b>\$ 43,532.7</b>	<b>\$ 9,849.4</b>	<b>\$ 53,382.1</b>	<b>\$ 42,125.5</b>	<b>\$ 11,276.6</b>	<b>\$ 53,402.1</b>
<b>Liabilities and shareholders' equity</b>						
Current liabilities:						
Health care costs payable	\$ 6,305.7	\$ -	\$ 6,305.7	\$ 5,621.1	\$ -	\$ 5,621.1
Future policy benefits	114.6	557.2	671.8	124.8	581.1	705.9
Unpaid claims	770.8	1.5	772.3	744.1	1.2	745.3
Unearned premiums	549.0	.2	549.2	518.9	.6	519.5
Policyholders' funds	2,223.2	39.3	2,262.5	1,907.6	76.9	1,984.5
Collateral payable under securities lending and repurchase agreements	-	-	-	740.7	287.9	1,028.6
Short-term debt	-	-	-	500.0	-	500.0
Current portion of long-term debt	-	-	-	229.3	-	229.3
Accrued expenses and other current liabilities	4,810.5	109.5	4,920.0	3,872.1	150.2	4,022.3
<b>Total current liabilities</b>	<b>14,773.8</b>	<b>707.7</b>	<b>15,481.5</b>	<b>14,258.6</b>	<b>1,097.9</b>	<b>15,356.5</b>
Future policy benefits	1,734.0	4,534.2	6,268.2	1,708.1	4,719.3	6,427.4
Unpaid claims	1,655.6	-	1,655.6	1,650.6	-	1,650.6
Policyholders' funds	383.1	502.5	885.6	430.5	732.7	1,163.2
Long-term debt, less current portion	7,828.0	-	7,828.0	7,852.0	-	7,852.0
Deferred income taxes	314.3	(178.9)	135.4	923.4	(55.9)	867.5
Other long-term liabilities	806.8	107.3	914.1	991.2	210.4	1,201.6
Separate Accounts liabilities	-	4,035.1	4,035.1	-	4,331.5	4,331.5
<b>Total liabilities</b>	<b>27,495.6</b>	<b>9,707.9</b>	<b>37,203.5</b>	<b>27,814.4</b>	<b>11,035.9</b>	<b>38,850.3</b>
<b>Total Aetna shareholders' equity</b>	<b>15,972.8</b>	<b>141.5</b>	<b>16,114.3</b>	<b>14,241.9</b>	<b>240.7</b>	<b>14,482.6</b>
Non-controlling interests	64.3	-	64.3	69.2	-	69.2
<b>Total equity</b>	<b>16,037.1</b>	<b>141.5</b>	<b>16,178.6</b>	<b>14,311.1</b>	<b>240.7</b>	<b>14,551.8</b>
<b>Total liabilities and equity</b>	<b>\$ 43,532.7</b>	<b>\$ 9,849.4</b>	<b>\$ 53,382.1</b>	<b>\$ 42,125.5</b>	<b>\$ 11,276.6</b>	<b>\$ 53,402.1</b>

Refer to page 14 for an explanation of footnotes and definitions of terms used.



**Condensed Statements of Cash Flows**

(Millions)	Three Months Ended					
	December 31, 2015			December 31, 2014		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Cash flows from operating activities:						
Net income (loss) including non-controlling interests	\$ 322.1	\$ (.8)	\$ 321.3	\$ 223.0	\$ 6.8	\$ 229.8
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:						
Net realized capital losses (gains)	33.9	7.6	41.5	.8	(.6)	.2
Depreciation and amortization	172.3	-	172.3	161.3	-	161.3
Debt fair value amortization	(7.4)	-	(7.4)	(10.3)	-	(10.3)
Equity in losses (earnings) of affiliates, net	7.5	(3.9)	3.6	3.0	(10.6)	(7.6)
Stock-based compensation expense	42.1	-	42.1	39.6	-	39.6
Amortization of net investment premium	22.5	.5	23.0	15.9	1.4	17.3
Loss on early extinguishment of long-term debt	-	-	-	89.3	-	89.3
Pension settlement charge	-	-	-	111.6	-	111.6
Changes in assets and liabilities:						
Accrued investment income	(3.4)	2.1	(1.3)	(6.1)	(.1)	(6.2)
Premiums due and other receivables	141.9	(2.8)	139.1	(470.2)	(.5)	(470.7)
Income taxes	(253.6)	14.0	(239.6)	(296.4)	34.4	(262.0)
Other assets and other liabilities	513.7	.4	514.1	329.3	28.5	357.8
Health care and insurance liabilities	192.2	(86.5)	105.7	107.6	(65.9)	41.7
Other, net	(2.7)	(1.1)	(3.8)	2.8	(.5)	2.3
<b>Net cash provided by (used for) operating activities</b>	<b>1,181.1</b>	<b>(70.5)</b>	<b>1,110.6</b>	<b>301.2</b>	<b>(7.1)</b>	<b>294.1</b>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	2,596.9	635.7	3,232.6	2,514.4	609.6	3,124.0
Cost of investments purchased	(2,911.5)	(517.1)	(3,428.6)	(3,023.5)	(629.6)	(3,653.1)
Additions to property, equipment and software	(75.9)	-	(75.9)	(108.5)	-	(108.5)
Cash used for acquisition, net of cash acquired	-	-	-	(379.8)	-	(379.8)
<b>Net cash (used for) provided by investing activities</b>	<b>(390.5)</b>	<b>118.6</b>	<b>(271.9)</b>	<b>(997.4)</b>	<b>(20.0)</b>	<b>(1,017.4)</b>
Cash flows from financing activities:						
Repayment of long-term debt	-	-	-	(583.0)	-	(583.0)
Issuance of long-term debt	-	-	-	740.5	-	740.5
Net issuance of short-term debt	-	-	-	425.0	-	425.0
Deposits and interest credited to investment contracts	-	.9	.9	-	1.9	1.9
Withdrawals from investment contracts	-	(.2)	(.2)	-	(1.5)	(1.5)
Common shares issued under benefit plans, net	(37.1)	-	(37.1)	(24.3)	-	(24.3)
Stock-based compensation tax benefits	14.2	-	14.2	15.6	-	15.6
Proceeds of repurchase agreements	-	-	-	201.6	-	201.6
Common shares repurchased	-	-	-	(243.1)	-	(243.1)
Dividends paid to shareholders	(87.2)	-	(87.2)	(79.0)	-	(79.0)
Intersegment dividend	25.0	(25.0)	-	-	-	-
Collateral on interest rate swaps	(1.6)	-	(1.6)	(27.4)	-	(27.4)
(Distributions) contributions, non-controlling interests	(.1)	.2	.1	11.1	(.8)	10.3
Intersegment loan	(.1)	.1	-	(.1)	.1	-
Other, net	(.4)	.4	-	(.1)	.1	-
<b>Net cash (used for) provided by financing activities</b>	<b>(87.3)</b>	<b>(23.6)</b>	<b>(110.9)</b>	<b>436.8</b>	<b>(.2)</b>	<b>436.6</b>
Net increase (decrease) in cash and cash equivalents	703.3	24.5	727.8	(259.4)	(27.3)	(286.7)
Cash and cash equivalents, beginning of period	1,701.3	95.2	1,796.5	1,563.3	143.8	1,707.1
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,404.6</b>	<b>\$ 119.7</b>	<b>\$ 2,524.3</b>	<b>\$ 1,303.9</b>	<b>\$ 116.5</b>	<b>\$ 1,420.4</b>

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Condensed Statements of Cash Flows

(Millions)	Year Ended					
	December 31, 2015			December 31, 2014		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Cash flows from operating activities:						
Net income including non-controlling interests	\$ 2,385.0	\$ 9.6	\$ 2,394.6	\$ 2,020.2	\$ 25.0	\$ 2,045.2
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital losses (gains)	50.8	13.7	64.5	(78.8)	(1.6)	(80.4)
Depreciation and amortization	671.3	-	671.3	629.0	-	629.0
Debt fair value amortization	(30.1)	-	(30.1)	(53.2)	-	(53.2)
Equity in (earnings) losses of affiliates, net	(2.1)	(28.4)	(30.5)	5.1	(44.5)	(39.4)
Stock-based compensation expense	180.6	-	180.6	163.8	-	163.8
Amortization of net investment premium	80.7	3.5	84.2	66.0	5.6	71.6
Loss on early extinguishment of long-term debt	-	-	-	181.2	-	181.2
Pension settlement charge	-	-	-	111.6	-	111.6
Changes in assets and liabilities:						
Accrued investment income	(11.2)	7.4	(3.8)	(16.0)	3.2	(12.8)
Premiums due and other receivables	(540.2)	(2.3)	(542.5)	(868.7)	2.3	(866.4)
Income taxes	95.8	(65.2)	30.6	(197.0)	42.9	(154.1)
Other assets and other liabilities	630.7	(20.7)	610.0	533.3	18.5	551.8
Health care and insurance liabilities	882.7	(440.0)	442.7	1,105.3	(279.6)	825.7
Other, net	(6.0)	.5	(5.5)	(.5)	(.3)	(.8)
<b>Net cash provided by (used for) operating activities</b>	<b>4,388.0</b>	<b>(521.9)</b>	<b>3,866.1</b>	<b>3,601.3</b>	<b>(228.5)</b>	<b>3,372.8</b>
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	9,095.5	3,203.3	12,298.8	7,308.9	2,175.4	9,484.3
Cost of investments purchased	(10,375.4)	(2,567.4)	(12,942.8)	(8,951.9)	(1,852.0)	(10,803.9)
Additions to property, equipment and software	(362.9)	-	(362.9)	(369.6)	-	(369.6)
Cash used for acquisition, net of cash acquired	(20.6)	-	(20.6)	(450.5)	-	(450.5)
Other, net	-	-	-	10.0	-	10.0
<b>Net cash (used for) provided by investing activities</b>	<b>(1,663.4)</b>	<b>635.9</b>	<b>(1,027.5)</b>	<b>(2,453.1)</b>	<b>323.4</b>	<b>(2,129.7)</b>
Cash flows from financing activities:						
Repayment of long-term debt	(228.8)	-	(228.8)	(1,797.8)	-	(1,797.8)
Issuance of long-term debt	-	-	-	1,482.4	-	1,482.4
Net (repayment) issuance of short-term debt	(500.0)	-	(500.0)	500.0	-	500.0
Deposits and interest credited to investment contracts	-	4.0	4.0	-	5.3	5.3
Withdrawals from investment contracts	-	(38.8)	(38.8)	-	(3.6)	(3.6)
Common shares issued under benefit plans, net	(143.2)	-	(143.2)	(60.3)	-	(60.3)
Stock-based compensation tax benefits	53.3	-	53.3	41.3	-	41.3
(Settlements) proceeds of repurchase agreements	(201.6)	-	(201.6)	201.6	-	201.6
Common shares repurchased	(296.3)	-	(296.3)	(1,218.1)	-	(1,218.1)
Dividends paid to shareholders	(348.7)	-	(348.7)	(320.6)	-	(320.6)
Intersegment dividend	75.0	(75.0)	-	75.0	(75.0)	-
Collateral on interest rate swaps	(25.3)	-	(25.3)	(77.3)	-	(77.3)
(Distributions) contributions, non-controlling interests	(7.8)	(1.5)	(9.3)	15.4	(3.3)	12.1
Intersegment loan	.1	(.1)	-	3.7	(3.7)	-
Other, net	(.6)	.6	-	.2	(.2)	-
<b>Net cash used for financing activities</b>	<b>(1,623.9)</b>	<b>(110.8)</b>	<b>(1,734.7)</b>	<b>(1,154.5)</b>	<b>(80.5)</b>	<b>(1,235.0)</b>
Net increase (decrease) in cash and cash equivalents	1,100.7	3.2	1,103.9	(6.3)	14.4	8.1
Cash and cash equivalents, beginning of period	1,303.9	116.5	1,420.4	1,310.2	102.1	1,412.3
<b>Cash and cash equivalents, end of period</b>	<b>\$ 2,404.6</b>	<b>\$ 119.7</b>	<b>\$ 2,524.3</b>	<b>\$ 1,303.9</b>	<b>\$ 116.5</b>	<b>\$ 1,420.4</b>

Refer to page 14 for an explanation of footnotes and definitions of terms used.

**Investment Portfolio**  
**At December 31, 2015**

(Millions)	Supporting Non-Experience-Rated Products				Supporting Experience-Rated and Discontinued Products in Large Case Pensions		Total Portfolio	
	Health Care and Group Insurance	Large Case Pensions	Total	Percent	Total	Percent	Total	Percent
<b>Debt and equity securities:</b>								
Debt securities:								
U.S. government securities	\$ 1,579.3	\$ 75.5	\$ 1,654.8	7.2%	\$ 216.9	5.0%	\$ 1,871.7	6.9%
States, municipalities and political subdivisions	4,979.7	30.6	5,010.3	21.9%	114.2	2.7%	5,124.5	18.8%
U.S. corporate securities	5,573.1	782.4	6,355.5	27.8%	1,818.9	42.3%	8,174.4	30.0%
Foreign securities	2,128.5	256.9	2,385.4	10.4%	611.7	14.2%	2,997.1	11.0%
Residential mortgage-backed securities	820.2	82.8	903.0	3.9%	21.9	.5%	924.9	3.4%
Commercial mortgage-backed securities	1,013.4	66.8	1,080.2	4.7%	190.4	4.4%	1,270.6	4.7%
Other asset-backed securities	847.6	34.2	881.8	3.9%	12.5	.3%	894.3	3.3%
Redeemable preferred securities	16.6	7.2	23.8	.1%	20.7	.5%	44.5	.2%
<b>Total debt securities</b>	<b>16,958.4</b>	<b>1,336.4</b>	<b>18,294.8</b>	<b>79.9%</b>	<b>3,007.2</b>	<b>69.9%</b>	<b>21,302.0</b>	<b>78.3%</b>
Equity securities	19.7	-	19.7	.1%	1.3	-	21.0	.1%
<b>Total debt and equity securities</b>	<b>16,978.1</b>	<b>1,336.4</b>	<b>18,314.5</b>	<b>80.0%</b>	<b>3,008.5</b>	<b>69.9%</b>	<b>21,323.0</b>	<b>78.4%</b>
<b>Mortgage loans</b>	<b>1,000.6</b>	<b>-</b>	<b>1,000.6</b>	<b>4.4%</b>	<b>553.1</b>	<b>12.9%</b>	<b>1,553.7</b>	<b>5.7%</b>
<b>Other investments:</b>								
Real estate	190.9	1.5	192.4	.8%	98.3	2.3%	290.7	1.1%
Hedge funds	297.5	-	297.5	1.3%	370.3	8.6%	667.8	2.4%
Private equity	259.9	2.4	262.3	1.2%	181.0	4.2%	443.3	1.6%
Other	393.2	3.3	396.5	1.7%	4.6	.1%	401.1	1.5%
<b>Total other investments</b>	<b>1,141.5</b>	<b>7.2</b>	<b>1,148.7</b>	<b>5.0%</b>	<b>654.2</b>	<b>15.2%</b>	<b>1,802.9</b>	<b>6.6%</b>
<b>Total investments</b>	<b>19,120.2</b>	<b>1,343.6</b>	<b>20,463.8</b>	<b>89.4%</b>	<b>4,215.8</b>	<b>98.0%</b>	<b>24,679.6</b>	<b>90.7%</b>
<b>Cash and cash equivalents</b>	<b>2,404.6</b>	<b>32.5</b>	<b>2,437.1</b>	<b>10.6%</b>	<b>87.2</b>	<b>2.0%</b>	<b>2,524.3</b>	<b>9.3%</b>
<b>Total investments, cash and cash equivalents</b>	<b>\$ 21,524.8</b>	<b>\$ 1,376.1</b>	<b>\$ 22,900.9</b>		<b>\$ 4,303.0</b>		<b>\$ 27,203.9</b>	
<b>Average credit quality</b>	<b>A+</b>	<b>A-</b>	<b>A+</b>		<b>A-</b>		<b>A</b>	
<b>Average duration (years) <sup>(7)</sup></b>	<b>3.9</b>	<b>6.4</b>	<b>4.1</b>		<b>7.2</b>		<b>4.5</b>	

Refer to page 14 for an explanation of footnotes and definitions of terms used.

### Roll Forward of Health Care Costs Payable

(Millions)	Year Ended	
	December 31, 2015	December 31, 2014
Health care costs payable, beginning of period	\$ 5,621.1	\$ 4,547.4
Less: reinsurance recoverables	5.8	8.5
Health care costs payable, beginning of period, net	5,615.3	4,538.9
Acquisition of businesses	-	29.2
Add: Components of incurred health care costs:		
Current year	42,552.6	41,327.5
Prior years *	(840.6)	(580.8)
Total incurred health care costs	41,712.0	40,746.7
Less: Claims paid		
Current year	36,389.5	35,850.7
Prior years	4,636.2	3,848.8
Total claims paid	41,025.7	39,699.5
Health care costs payable, end of period, net	6,301.6	5,615.3
Add: reinsurance recoverables	4.1	5.8
Health care costs payable, end of period	\$ 6,305.7	\$ 5,621.1
Health care costs payable:		
Incurred but not reported claims	\$ 5,827.3	\$ 5,362.2
Other claims	478.4	258.9
Total health care costs payable	\$ 6,305.7	\$ 5,621.1

\* Negative amounts reported for incurred health care costs related to prior years result from claims being settled for less than originally estimated.

Refer to page 14 for an explanation of footnotes and definitions of terms used.

**Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure**

(Millions, except per common share data)	Three Months Ended		Year Ended	
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Summary of Results</b>				
Operating earnings	\$ 482.1	\$ 434.0	\$ 2,717.1	\$ 2,404.6
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>	(93.3)	(32.3)	(189.8)	(134.2)
Litigation-related proceeds, net of tax <sup>(6)</sup>	-	-	71.3	-
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>	-	(58.1)	-	(117.8)
Pension settlement charge, net of tax <sup>(7)</sup>	-	(72.5)	-	(72.5)
Release of litigation-related reserve, net of tax <sup>(6)</sup>	-	-	-	67.0
Amortization of other acquired intangible assets, net of tax	(41.2)	(38.8)	(166.0)	(158.2)
Net realized capital (losses) gains, net of tax	(26.8)	(.3)	(42.4)	51.9
<b>Net income <sup>(3)</sup> (GAAP measure)</b>	<b>\$ 320.8</b>	<b>\$ 232.0</b>	<b>\$ 2,390.2</b>	<b>\$ 2,040.8</b>
Weighted average common shares - diluted	352.9	354.6	352.6	359.1

**Summary of Results Per Common Share**

Operating earnings	\$ 1.37	\$ 1.22	\$ 7.71	\$ 6.70
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>	(.26)	(.09)	(.54)	(.38)
Litigation-related proceeds, net of tax <sup>(6)</sup>	-	-	.20	-
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>	-	(.16)	-	(.33)
Pension settlement charge, net of tax <sup>(7)</sup>	-	(.21)	-	(.20)
Release of litigation-related reserve, net of tax <sup>(6)</sup>	-	-	-	.19
Amortization of other acquired intangible assets, net of tax	(.12)	(.11)	(.47)	(.44)
Net realized capital (losses) gains, net of tax	(.08)	-	(.12)	.14
<b>Net income <sup>(3)</sup> (GAAP measure)</b>	<b>\$ .91</b>	<b>\$ .65</b>	<b>\$ 6.78</b>	<b>\$ 5.68</b>

**Health Care, Group Insurance and Corporate Financing Operating Cash Flows as a Percentage of Operating Earnings**

Net cash provided by operating activities: Health Care, Group Insurance and Corporate Financing	(A)	\$ 4,388.0	\$ 3,601.3
Operating earnings: Health Care, Group Insurance and Corporate Financing	(B)	2,700.1	2,383.9
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>		(189.8)	(134.2)
Litigation-related proceeds, net of tax <sup>(6)</sup>		71.3	-
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>		-	(117.8)
Pension settlement charge, net of tax <sup>(7)</sup>		-	(72.5)
Release of litigation-related reserve, net of tax <sup>(6)</sup>		-	67.0
Amortization of other acquired intangible assets, net of tax		(166.0)	(158.2)
Net realized capital (losses) gains, net of tax		(33.5)	50.9
<b>Net income: Health Care, Group Insurance and Corporate Financing <sup>(3)</sup> (GAAP measure)</b>	<b>(C)</b>	<b>\$ 2,382.1</b>	<b>\$ 2,019.1</b>
Operating cash flow as a percentage of operating earnings	(A)/(B)	162.5%	151.1%
Operating cash flow as a percentage of net income <sup>(3)</sup> (GAAP measure)	(A)/(C)	184.2%	178.4%

Refer to page 14 for an explanation of footnotes and definitions of terms used.

**Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (continued)**

(Millions)	Three Months Ended		Year Ended		
	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014	
<b>Health Care</b>					
<b>Reconciliation of Revenue</b>					
Operating revenue (excludes net realized capital (losses) gains and an other item) <sup>(6)</sup>	\$ 14,404.2	\$ 14,068.1	\$ 57,501.4	\$ 55,044.2	
Litigation-related proceeds <sup>(6)</sup>	-	-	109.6	-	
Net realized capital (losses) gains	(28.1)	(3.7)	(50.4)	64.4	
Total revenue (GAAP measure)	\$ 14,376.1	\$ 14,064.4	\$ 57,560.6	\$ 55,108.6	
<b>Group Insurance</b>					
<b>Reconciliation of Revenue</b>					
Operating revenue (excludes net realized capital (losses) gains)	\$ 618.3	\$ 615.6	\$ 2,478.3	\$ 2,475.4	
Net realized capital (losses) gains	(5.8)	2.9	(.4)	14.4	
Total revenue (GAAP measure)	\$ 612.5	\$ 618.5	\$ 2,477.9	\$ 2,489.8	
<b>Large Case Pensions</b>					
<b>Reconciliation of Revenue</b>					
Operating revenue (excludes net realized capital (losses) gains)	\$ 67.5	\$ 87.7	\$ 311.7	\$ 403.2	
Net realized capital (losses) gains	(7.6)	.6	(13.7)	1.6	
Total revenue (GAAP measure)	\$ 59.9	\$ 88.3	\$ 298.0	\$ 404.8	
<b>Total Company</b>					
<b>Reconciliation of Revenue</b>					
Operating revenue (excludes net realized capital (losses) gains and an other item) <sup>(6)</sup>	(A) \$ 15,090.0	\$ 14,771.4	\$ 60,291.4	\$ 57,922.8	
Litigation-related proceeds <sup>(6)</sup>	-	-	109.6	-	
Net realized capital (losses) gains	(41.5)	(.2)	(64.5)	80.4	
Total revenue (GAAP measure)	(B) \$ 15,048.5	\$ 14,771.2	\$ 60,336.5	\$ 58,003.2	
<b>Reconciliation of Operating Expenses</b>					
Operating expenses, including Corporate Financing	(C) \$ 3,097.6	\$ 2,913.9	\$ 11,426.1	\$ 10,628.4	
Transaction, integration-related and restructuring costs <sup>(6)</sup>	102.9	45.9	223.2	200.7	
Pension settlement charge <sup>(6)</sup>	-	111.6	-	111.6	
Release of litigation-related reserve <sup>(6)</sup>	-	-	-	(103.0)	
Total operating expenses (GAAP measure)	(D) \$ 3,200.5	\$ 3,071.4	\$ 11,649.3	\$ 10,837.7	
<b>Operating Expense Ratios:</b>					
Operating expense ratio <sup>(1)</sup>	(C)/(A)	20.5 %	19.7 %	19.0 %	18.3 %
Total company expense ratio (GAAP measure)	(D)/(B)	21.3 %	20.8 %	19.3 %	18.7 %

Refer to page 14 for an explanation of footnotes and definitions of terms used.

**Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (continued)**

(Millions)		Three Months Ended		Year Ended	
		December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
<b>Reconciliation to Income Before Income Taxes</b>					
Operating earnings before income taxes, excluding interest expense	(A)	\$ 902.2	\$ 817.3	\$ 5,032.7	\$ 4,382.7
Interest expense *		(78.1)	(81.8)	(313.5)	(329.3)
Transaction, integration-related and restructuring costs <sup>(6)</sup>		(134.7)	(45.9)	(273.3)	(200.7)
Litigation-related proceeds <sup>(6)</sup>		-	-	109.6	-
Loss on early extinguishment of long-term debt <sup>(6)</sup>		-	(89.3)	-	(181.2)
Pension settlement charge <sup>(6)</sup>		-	(111.6)	-	(111.6)
Release of litigation-related reserve <sup>(6)</sup>		-	-	-	103.0
Amortization of other acquired intangible assets		(63.4)	(59.8)	(255.4)	(243.4)
Net realized capital (losses) gains		(41.5)	(.2)	(64.5)	80.4
Income before income taxes (GAAP measure)		\$ 584.5	\$ 428.7	\$ 4,235.6	\$ 3,499.9
<b>Reconciliation to Net Income</b>					
Operating earnings, excluding interest expense, net of tax		\$ 532.9	\$ 487.1	\$ 2,920.9	\$ 2,618.6
Interest expense, net of tax *		(50.8)	(53.1)	(203.8)	(214.0)
Transaction, integration-related and restructuring costs, net of tax <sup>(6)</sup>		(93.3)	(32.3)	(189.8)	(134.2)
Litigation-related proceeds, net of tax <sup>(6)</sup>		-	-	71.3	-
Loss on early extinguishment of long-term debt, net of tax <sup>(6)</sup>		-	(58.1)	-	(117.8)
Pension settlement charge, net of tax <sup>(6)</sup>		-	(72.5)	-	(72.5)
Release of litigation-related reserve, net of tax <sup>(6)</sup>		-	-	-	67.0
Amortization of other acquired intangible assets, net of tax		(41.2)	(38.8)	(166.0)	(158.2)
Net realized capital (losses) gains, net of tax		(26.8)	(.3)	(42.4)	51.9
Net income <sup>(3)</sup> (GAAP measure)	(B)	\$ 320.8	\$ 232.0	\$ 2,390.2	\$ 2,040.8
<b>Reconciliation of Revenue</b>					
Operating revenue (excludes net realized capital (losses) gains and an other item) <sup>(6)</sup>	(C)	\$ 15,090.0	\$ 14,771.4	\$ 60,291.4	\$ 57,922.8
Litigation-related proceeds <sup>(6)</sup>		-	-	109.6	-
Net realized capital (losses) gains		(41.5)	(.2)	(64.5)	80.4
Total revenue (GAAP measure)	(D)	\$ 15,048.5	\$ 14,771.2	\$ 60,336.5	\$ 58,003.2

\* Interest expense of \$50.8 million (\$78.1 million pretax) and \$203.8 million (\$313.5 million pretax), for the three months and year ended December 31, 2015, respectively, each exclude costs associated with the bridge credit agreement and term loan credit agreement executed in connection with the proposed acquisition of Humana Inc. ("Humana"). These costs are included within transaction, integration-related and restructuring costs.

**Operating Margin**

Pretax operating margin <sup>(1)</sup>	(A)/(C)	6.0 %	5.5 %	8.3 %	7.6 %
After-tax net income margin (GAAP measure)	(B)/(D)	2.1 %	1.6 %	4.0 %	3.5 %

Refer to page 14 for an explanation of footnotes and definitions of terms used.

## Footnotes

- (1) In order to provide a comparison that we believe provides useful information regarding our underlying business performance from period to period, all operating earnings, operating earnings per share, operating revenue and operating expense metrics exclude from net income amortization of other acquired intangible assets, net realized capital gains or losses and Other Items, if any, as applicable. See note (6) listed below for an explanation of our Other Items. In addition, pretax operating margins exclude interest expense and income taxes. Operating revenue excludes net realized capital gains or losses and certain Other Items, and general and administrative expenses exclude certain Other Items. Management uses these measures to assess business performance and to make decisions regarding Aetna's operations and the allocation of resources among Aetna's businesses. Non-GAAP financial measures we disclose, such as operating earnings, operating earnings per share, operating revenues, operating expenses, pretax operating margin and our operating expense ratio, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. For a reconciliation to financial measures calculated under U.S. generally accepted accounting principles ("GAAP"), refer to pages 11 - 13.
- (2) Our Corporate Financing segment is not a business segment. It is added to our business segments to reconcile our reporting segments to our consolidated results. The net income of the Corporate Financing segment includes interest expense on our outstanding debt and the financing components of our pension and other postretirement employee benefit plan expenses (benefits). The operating earnings of the Corporate Financing segment excludes Other Items, if any. We continue to allocate the operating component of our pension expense (i.e., the service cost and prior service cost) to our business segments.
- (3) Net Income (Loss) refers to net income (loss) attributable to Aetna reported in the GAAP Consolidated Statements of Income. Unless otherwise indicated, all references in this Financial Supplement to operating earnings (loss), operating earnings per share, net income (loss) and net income per share are based upon net income (loss) attributable to Aetna, which excludes amounts attributable to non-controlling interests.
- (4) Medicaid membership includes members who are dually-eligible for both Medicare and Medicaid.
- (5) Represents members in consumer-directed health plans included in Commercial medical membership.
- (6) For the periods covered in this Financial Supplement, in addition to amortization of other acquired intangible assets and net realized capital gains and losses, if any, the following items are excluded from operating earnings, operating expenses and operating revenues, as applicable, because we believe they neither relate to the ordinary course of our business nor reflect our underlying business performance:
- We incurred transaction, integration-related and restructuring costs of \$93.3 million (\$134.7 million pretax) and \$189.8 million (\$273.3 million pretax) during the three months and year ended December 31, 2015, respectively. Transaction and integration-related costs relate to the acquisitions of Coventry Health Care, Inc. ("Coventry"), the InterGlobal group ("InterGlobal") and bswift LLC ("bswift") and the proposed acquisition of Humana. We incurred transaction and integration-related costs of \$32.3 million (\$45.9 million pretax) and \$134.2 million (\$200.7 million pretax) during the three months and year ended December 31, 2014, respectively, related to the acquisitions of Coventry, InterGlobal and bswift. Transaction costs include advisory, legal and other professional fees which are not deductible for tax purposes and are reflected in our GAAP Consolidated Statements of Income in general and administrative expenses, as well as the cost of the bridge credit agreement and the term loan credit agreement executed in connection with the proposed Humana acquisition, which are reflected in the GAAP Consolidated Statements of Income in interest expense. Restructuring costs primarily consist of severance costs associated with Aetna's expense management and cost control initiatives and are reflected in the GAAP Consolidated Statements of Income in general and administrative expenses.
  - In the year ended December 31, 2015, we received proceeds of \$71.3 million (\$109.6 million pretax), net of legal costs, in connection with a litigation settlement. These net proceeds were recorded in fees and other revenue in our GAAP Consolidated Statements of Income.
  - We incurred losses on the early extinguishment of long-term debt of \$58.1 million (\$89.3 million pretax) and \$117.8 million (\$181.2 million pretax) during the three months and year ended December 31, 2014, respectively. The loss in the first quarter of 2014 related to the redemption of our 6.0% senior notes due 2016, and the loss in the fourth quarter of 2014 related to the redemption of our 6.5% senior notes due 2018.
  - During 2014, we enhanced our tax-qualified noncontributory defined benefit pension plan (the "Aetna Pension Plan") to allow certain current and former employees to elect a 100% lump-sum distribution. In addition, we also announced a limited-time offer permitting certain former employees with deferred vested balances to elect a 100% lump-sum distribution. The distributions in 2014 were funded from existing Aetna Pension Plan assets, and we recorded a related non-cash settlement charge of \$72.5 million (\$111.6 million pretax) during 2014 in general and administrative expenses.
  - We recorded a charge of \$78.0 million (\$120.0 million pretax) during the year ended December 31, 2012 related to the settlement of purported class action litigation regarding Aetna's payment practices related to out-of-network health care providers. That charge included the estimated cost of legal fees of plaintiffs' counsel and the costs of administering the settlement. During the year ended December 31, 2014, we exercised our right to terminate the settlement agreement. As a result, we released the reserve established in connection with the settlement agreement, net of amounts due to the settlement administrator, which reduced general and administrative expenses by \$67.0 million (\$103.0 million pretax) in the year ended December 31, 2014.
- (7) Represents the average duration of our debt securities, mortgage loans and cash and cash equivalents at December 31, 2015, excluding equity and equity-like investments that have no duration.

## Definitions

**Administrative Services Contracts ("ASC")** include all medical and dental products offered on an employer-funded basis. Under employer-funded plans, the plan sponsor assumes all or a majority of health care cost, utilization or other risk.

**Benefit Ratios** are calculated by dividing benefit costs by premiums. Various product level versions of this metric are provided and are calculated using this base formula. For example, the Total Medical Benefit Ratio is calculated by dividing health care costs by health care premiums.

**Commercial** includes all medical, dental and other health care products except Medicare, Medicaid and Medicare Supplement.

**Days Claims Payable** is calculated by dividing the health care costs payable at each quarter end by the health care costs per day in each respective quarter.

**Insured** includes all medical, dental and other health care products for which we assume all or a majority of health care cost, utilization or other risk.

**Operating Earnings** exclude amortization of other acquired intangible assets, net realized capital gains and losses and Other Items, if any, from net income, as described in note (1) above.

**Operating Expense Ratios** are calculated by dividing operating expenses, excluding Other Items, if any, by operating revenue.

**Operating Revenue** excludes net realized capital gains and losses and Other Items, if any, from total revenue, as described in note (1) above.

**Other Items** are items that are excluded from GAAP net income because they neither relate to the ordinary course of our business nor reflect our underlying business performance. See note (6) above for an explanation of our Other Items.

**Pretax Operating Margins** are calculated by dividing pretax operating earnings, excluding interest expense, by operating revenue.

**Selling Expenses** are comprised of broker commissions, the variable component of our internal sales force compensation and premium taxes.

**Total Debt to Consolidated Capitalization Ratio** is calculated by dividing total long-term debt and short-term debt ("Total Debt") by the sum of Total Debt and total Aetna shareholders' equity.

## Balance Sheet Terms

**Future Policy Benefits** consist primarily of reserves for limited payment pension and annuity contracts in the Large Case Pension business and long-duration group paid-up life and long-term care insurance contracts in the Group Insurance business.

**Health Care Costs Payable** consist principally of unpaid fee-for-service claims, capitation costs and other amounts due to health care providers pursuant to Insured arrangements.

**Policyholders' Funds** consist primarily of reserves for pension and annuity investment contracts in the Large Case Pension business and customer funds associated with group life and health contracts in the Health Care and Group Insurance business.

**Separate Accounts** assets and liabilities generally represent funds maintained to meet specific objectives of contract holders who bear the investment risk.

**Unpaid Claims** consist primarily of reserves associated with certain short-duration group disability and term life insurance contracts in the Group Insurance business.