

**Consolidated Statements of Income**  
(\$ in Millions)

	Three Months Ended	
	March 31, 2005	March 31, 2004
<b>Revenue:</b>		
Health care premiums	\$ 4,053.5	\$ 3,557.8
Other premiums	498.5	442.7
Administrative services contract fees	568.9	512.2
Net investment income	291.2	271.5
Other income	10.4	11.0
Net realized capital gains	4.4	26.1
Total revenue	5,426.9	4,821.3
<b>Benefits and expenses:</b>		
Health care costs (1)	3,048.5	2,741.8
Current and future benefits	615.3	547.0
Operating expenses:		
Selling expenses	203.0	163.6
General and administrative expenses	859.8	820.1
Total operating expenses	1,062.8	983.7
Interest expense	27.2	25.5
Amortization of other acquired intangible assets	10.7	12.7
Total benefits and expenses	4,764.5	4,310.7
Income from continuing operations before income taxes	662.4	510.6
Income taxes	238.4	184.8
Income from continuing operations	424.0	325.8
Income from discontinued operations, net of tax (2)	-	40.0
Net income	\$ 424.0	\$ 365.8
Shareholders' equity	\$ 9,039.1	\$ 8,175.3

(1) The three months ended March 31, 2005 and March 31, 2004 include favorable development of prior-period health care cost estimates of approximately \$133 million pretax (approximately \$84 million after tax) and approximately \$41 million pretax (approximately \$27 million after tax), respectively, in the Health Care segment. The three months ended March 31, 2005 development includes approximately \$54 million pretax (approximately \$34 million after tax) related to the release of reserves associated with the New York Market Stabilization Pool.

(2) Income from discontinued operations of approximately \$40 million for the three months ended March 31, 2004 reflects the completion of certain Internal Revenue Service audits associated with businesses that were sold in the 1990s by the Company's predecessor (former Aetna).

**Summary of Results (1)**  
(\$ in Millions)

	Three Months Ended	
	March 31, 2005	March 31, 2004
Operating earnings, excluding favorable development	\$ 337.1	\$ 281.8
Favorable development of prior-period health care cost estimates	84.0	27.0
Operating earnings	421.1	308.8
Net realized capital gains	2.9	17.0
Income from continuing operations (GAAP measure)	424.0	325.8
Income from discontinued operations (2)	-	40.0
Net income (GAAP measure)	<u>\$ 424.0</u>	<u>\$ 365.8</u>
Weighted average common shares - basic	<u>293,304,437</u>	<u>307,836,718</u>
Weighted average common shares - diluted	<u>306,006,348</u>	<u>320,835,386</u>

**Summary of Results Per Common Share (1)**

Operating earnings, excluding favorable development	\$ 1.10	\$ .88
Favorable development of prior-period health care cost estimates	.28	.08
Operating earnings	1.38	.96
Net realized capital gains	.01	.06
Income from continuing operations (GAAP measure)	1.39	1.02
Income from discontinued operations (2)	-	.12
Net income (GAAP measure)	<u>\$ 1.39</u>	<u>\$ 1.14</u>
Shareholders' equity (3)	<u>\$ 31.12</u>	<u>\$ 26.82</u>

- (1) Prior period results per common share and weighted average common shares have been adjusted to reflect the March 11, 2005 two-for-one stock split.
- (2) Income from discontinued operations of approximately \$40 million for the three months ended March 31, 2004 reflects the completion of certain Internal Revenue Service audits associated with former Aetna.
- (3) Actual common shares outstanding were 290.4 million at March 31, 2005 and 304.9 million at March 31, 2004.

**Segment Information (1)**  
(\$ in Millions)

	Three Months Ended	
	March 31, 2005	March 31, 2004
<b>Health Care:</b>		
Total revenue	\$ 4,693.9	\$ 4,146.8
Selling expenses	\$ 183.9	\$ 148.8
General and administrative expenses	812.3	775.4
Total operating expenses	\$ 996.2	\$ 924.2
Operating earnings, excluding favorable development	\$ 320.0	\$ 261.4
Favorable development of prior-period health care cost estimates	84.0	27.0
Operating earnings	404.0	288.4
Net realized capital gains	1.3	7.1
Net income (GAAP measure)	\$ 405.3	\$ 295.5
<b>Group Insurance:</b>		
Total revenue	\$ 534.7	\$ 484.9
Selling expenses	\$ 19.1	\$ 14.8
General and administrative expenses	42.6	39.7
Total operating expenses	\$ 61.7	\$ 54.5
Operating earnings	\$ 30.7	\$ 30.8
Net realized capital gains	1.4	7.9
Net income (GAAP measure)	\$ 32.1	\$ 38.7
<b>Large Case Pensions:</b>		
Total revenue	\$ 198.3	\$ 189.6
Operating earnings	\$ 4.1	\$ 6.1
Net realized capital gains	.2	2.0
Net income (GAAP measure)	\$ 4.3	\$ 8.1
<b>Corporate Interest:</b>		
Interest expense, net of tax	\$ 17.7	\$ 16.5
<b>Total Company:</b>		
Total revenue	\$ 5,426.9	\$ 4,821.3
Selling expenses	\$ 203.0	\$ 163.6
General and administrative expenses	859.8	820.1
Total operating expenses	\$ 1,062.8	\$ 983.7

(1) Revenue and operating expense information is presented before income taxes. Operating earnings information is presented net of income taxes.

**Enrollment**  
(Members in Thousands)

	March 31, 2005	March 31, 2004	December 31, 2004
<b>Medical Membership:</b>			
Commercial	14,162	13,136	13,446
Medicare	101	102	97
Medicaid	112	106	113
Total Medical Membership	<u>14,375</u>	<u>13,344</u>	<u>13,656</u>
<b>Dental Membership</b>	<u>12,791</u>	<u>11,214</u>	<u>11,932</u>
<b>Pharmacy Membership:</b>			
Pharmacy Benefit Management Services	8,505	7,693	7,989
Mail Order (1)	501	364	458
Total Pharmacy Membership	<u>9,006</u>	<u>8,057</u>	<u>8,447</u>
<b>Group Insurance Membership</b>	<u>14,040</u>	<u>12,394</u>	<u>13,494</u>
<b>Aetna HealthFund<sup>®</sup> (2)</b>	<u>361</u>	<u>183</u>	<u>222</u>

**Health Care Medical Cost Ratios (3)**  
(\$ in Millions)

	Three Months Ended	
	March 31, 2005	March 31, 2004
<b>Health Care Premiums:</b>		
Health Care Risk (A)	\$ 4,053.5	\$ 3,557.8
Commercial Risk (B)	\$ 3,805.8	\$ 3,326.2
Medicare (C)	\$ 247.7	\$ 231.6
<b>Health Care Costs:</b>		
<u>Health Care Risk</u>		
Health care costs (D) (GAAP measure)	\$ 3,048.5	\$ 2,741.8
Favorable development of prior-period health care cost estimates	133.0	41.0
Health care costs - Adjusted (E)	<u>\$ 3,181.5</u>	<u>\$ 2,782.8</u>
<u>Commercial Risk</u>		
Health care costs (F) (GAAP measure)	\$ 2,837.9	\$ 2,546.3
Favorable development of prior-period health care cost estimates	127.0	36.0
Health care costs - Adjusted (G)	<u>\$ 2,964.9</u>	<u>\$ 2,582.3</u>
<u>Medicare</u>		
Health care costs (H) (GAAP measure)	\$ 210.6	\$ 195.6
Favorable development of prior-period health care cost estimates	6.0	5.0
Health care costs - Adjusted (I)	<u>\$ 216.6</u>	<u>\$ 200.6</u>
<b>Health Care Medical Cost Ratios:</b>		
Health Care Risk (D)/(A) (GAAP measure)	75.2%	77.1%
Health Care Risk - Adjusted (E)/(A)	78.5%	78.2%
Commercial Risk (F)/(B) (GAAP measure)	74.6%	76.6%
Commercial Risk - Adjusted (G)/(B)	77.9%	77.6%
Medicare (H)/(C) (GAAP measure)	85.0%	84.5%
Medicare - Adjusted (I)/(C)	87.4%	86.6%

(1) Represents members who purchased medications through Aetna's mail order pharmacy during the quarterly period.

(2) Represents members in consumer-directed health plan products included in Aetna's Commercial medical membership.

(3) Health Care Risk includes all medical and dental risk products. Commercial Risk includes all medical and dental risk products except Medicare and Medicaid. Risk includes all medical and dental products for which the Company assumes all or a majority of health care cost, utilization or other risk.

**Operating Margins**  
(\$ in Millions)

	Three Months Ended	
	March 31, 2005	March 31, 2004
<b>Reconciliation to Income from continuing operations before income taxes:</b>		
Operating earnings before income taxes, excluding interest expense, amortization of other acquired intangible assets and favorable development (A)	\$ 562.9	\$ 481.7
Favorable development of prior-period health care cost estimates	133.0	41.0
Operating earnings before income taxes, excluding interest expense and amortization of other acquired intangible assets (B)	695.9	522.7
Interest expense	(27.2)	(25.5)
Amortization of other acquired intangible assets	(10.7)	(12.7)
Net realized capital gains	4.4	26.1
Income from continuing operations before income taxes (C) (GAAP measure)	\$ 662.4	\$ 510.6
<b>Reconciliation to Income from continuing operations:</b>		
Operating earnings, excluding interest expense, amortization of other acquired intangible assets and favorable development (D)	\$ 361.8	\$ 306.6
Favorable development of prior-period health care cost estimates, net of tax	84.0	27.0
Operating earnings, excluding interest expense and amortization of other acquired intangible assets (E)	445.8	333.6
Interest expense, net of tax	(17.7)	(16.5)
Amortization of other acquired intangible assets, net of tax	(7.0)	(8.3)
Net realized capital gains, net of tax	2.9	17.0
Income from continuing operations (F) (GAAP measure)	\$ 424.0	\$ 325.8
<b>Reconciliation of Revenue:</b>		
Revenue, excluding net realized capital gains (G)	\$ 5,422.5	\$ 4,795.2
Net realized capital gains	4.4	26.1
Total revenue (H) (GAAP measure)	\$ 5,426.9	\$ 4,821.3
<b>Operating Margins:</b>		
Pretax operating margin (B)/(G)	12.8%	10.9%
Pretax operating margin - Adjusted (A)/(G)	10.4%	10.0%
Pretax operating margin (C)/(H) (GAAP measure)	12.2%	10.6%
After-tax operating margin (E)/(G)	8.2%	7.0%
After-tax operating margin - Adjusted (D)/(G)	6.7%	6.4%
After-tax operating margin (F)/(H) (GAAP measure)	7.8%	6.8%

**Operating Expenses**  
(\$ in Millions)

Total operating expenses (I) (GAAP measure)	\$ 1,062.8	\$ 983.7
<b>Operating Expenses Percentages:</b>		
Operating expenses as a % of revenue (I)/(G)	19.6%	20.5%
Total operating expenses as a % of total revenue (I)/(H) (GAAP measure)	19.6%	20.4%