

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
<b>Revenue:</b>				
Health care premiums	\$ 3,870.4	\$ 3,388.7	\$ 14,862.8	\$ 13,235.5
Other premiums	473.3	415.1	1,813.9	1,668.5
Administrative services contract fees	518.4	471.7	2,054.9	1,884.7
Net investment income	276.9	277.6	1,062.5	1,095.0
Other income	10.0	6.3	39.2	27.5
Net realized capital gains	19.3	15.4	70.8	65.2
Total revenue	<u>5,168.3</u>	<u>4,574.8</u>	<u>19,904.1</u>	<u>17,976.4</u>
<b>Benefits and expenses:</b>				
Health care costs (1)	3,026.5	2,616.5	11,637.7	10,135.8
Current and future benefits	560.9	525.0	2,191.5	2,090.8
Operating expenses:				
Selling expenses	188.9	143.8	700.0	567.4
General and administrative expenses (2)	887.2	879.5	3,328.8	3,587.1
Total operating expenses	<u>1,076.1</u>	<u>1,023.3</u>	<u>4,028.8</u>	<u>4,154.5</u>
Interest expense	28.1	25.9	104.7	102.9
Amortization of other acquired intangible assets	7.8	12.7	42.5	50.8
Total benefits and expenses	<u>4,699.4</u>	<u>4,203.4</u>	<u>18,005.2</u>	<u>16,534.8</u>
Income from continuing operations before income taxes	468.9	371.4	1,898.9	1,441.6
Income taxes	168.2	121.9	683.8	507.8
Income from continuing operations	300.7	249.5	1,215.1	933.8
Income from discontinued operations, net of tax (3)	-	-	1,030.0	-
Net income	<u>\$ 300.7</u>	<u>\$ 249.5</u>	<u>\$ 2,245.1</u>	<u>\$ 933.8</u>
Shareholders' equity			<u>\$ 9,081.4</u>	<u>\$ 7,924.0</u>

(1) The three months ended December 31, 2004 and December 31, 2003 include favorable development of prior-period health care cost estimates of approximately \$60 million pretax (approximately \$38 million after tax) and approximately \$43 million pretax (approximately \$28 million after tax), respectively, in the Health Care segment. The twelve months ended December 31, 2004 and December 31, 2003 include favorable development of prior-period health care cost estimates of approximately \$90 million pretax (approximately \$57 million after tax) and approximately \$228 million pretax (approximately \$148 million after tax), respectively, in the Health Care segment.

(2) The three and twelve months ended December 31, 2004 include \$45.0 million pretax for the Aetna Foundation contribution. The twelve months ended December 31, 2003 include \$115.4 million pretax for the physician class action settlement.

(3) Income from discontinued operations for the twelve months ended December 31, 2004 includes approximately \$740 million after tax, including interest, related to the Congressional Joint Committee on Taxation's approval of a tax refund, \$250 million related to the completion of certain Internal Revenue Service audits associated with businesses that were sold in the 1990s by the Company's predecessor (former Aetna) and \$40 million related to the completion of certain Internal Revenue Service audits associated with former Aetna.

**Summary of Results**

(\$ in Millions)

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
Operating earnings, excluding other items and favorable development	\$ 279.6	\$ 211.9	\$ 1,141.5	\$ 818.8
Favorable development of prior-period health care cost estimates	38.0	28.0	57.0	148.0
Operating earnings, excluding other items	317.6	239.9	1,198.5	966.8
Aetna Foundation contribution	(29.3)	-	(29.3)	-
Physician class action settlement	-	-	-	(75.0)
Operating earnings, including other items	288.3	239.9	1,169.2	891.8
Net realized capital gains	12.4	9.6	45.9	42.0
Income from continuing operations (GAAP measure)	300.7	249.5	1,215.1	933.8
Income from discontinued operations (1)	-	-	1,030.0	-
Net income (GAAP measure)	<u>\$ 300.7</u>	<u>\$ 249.5</u>	<u>\$ 2,245.1</u>	<u>\$ 933.8</u>
Weighted average common shares - basic	<u>147,367,056</u>	<u>153,086,405</u>	<u>151,391,260</u>	<u>152,681,613</u>
Weighted average common shares - diluted	<u>153,922,694</u>	<u>159,704,773</u>	<u>156,961,756</u>	<u>158,081,582</u>

**Summary of Results Per Common Share**

Operating earnings, excluding other items and favorable development	\$ 1.82	\$ 1.32	\$ 7.28	\$ 5.18
Favorable development of prior-period health care cost estimates	.24	.18	.36	.94
Operating earnings, excluding other items	2.06	1.50	7.64	6.12
Aetna Foundation contribution	(.19)	-	(.19)	-
Physician class action settlement	-	-	-	(.48)
Operating earnings, including other items	1.87	1.50	7.45	5.64
Net realized capital gains	.08	.06	.29	.27
Income from continuing operations (GAAP measure)	1.95	1.56	7.74	5.91
Income from discontinued operations (1)	-	-	6.56	-
Net income (GAAP measure)	<u>\$ 1.95</u>	<u>\$ 1.56</u>	<u>\$ 14.30</u>	<u>\$ 5.91</u>
Shareholders' equity (2)			<u>\$ 61.99</u>	<u>\$ 51.93</u>

(1) Income from discontinued operations for the twelve months ended December 31, 2004 includes approximately \$740 million after tax, including interest, related to the Congressional Joint Committee on Taxation's approval of a tax refund, \$250 million related to the completion of certain Internal Revenue Service audits associated with businesses that were sold in the 1990s by the Company's predecessor (former Aetna) and \$40 million related to the completion of certain Internal Revenue Service audits associated with former Aetna.

(2) Actual common shares outstanding were 146.5 million at December 31, 2004 and 152.6 million at December 31, 2003.

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
<b>Health Care:</b>				
Total revenue	\$ 4,460.5	\$ 3,926.2	\$ 17,200.6	\$ 15,377.1
Selling expenses	\$ 167.3	\$ 128.0	\$ 630.9	\$ 510.7
General and administrative expenses	798.2	834.5	3,110.0	3,293.3
Operating expenses, excluding other items	965.5	962.5	3,740.9	3,804.0
Aetna Foundation contribution	45.0	-	45.0	-
Physician class action settlement	-	-	-	115.4
Total operating expenses (GAAP measure)	\$ 1,010.5	\$ 962.5	\$ 3,785.9	\$ 3,919.4
Operating earnings, excluding other items and favorable development	\$ 250.2	\$ 186.1	\$ 1,051.7	\$ 714.4
Favorable development of prior-period health care cost estimates	38.0	28.0	57.0	148.0
Operating earnings, excluding other items	288.2	214.1	1,108.7	862.4
Aetna Foundation contribution	(29.3)	-	(29.3)	-
Physician class action settlement	-	-	-	(75.0)
Operating earnings, including other items	258.9	214.1	1,079.4	787.4
Net realized capital gains	2.9	5.3	15.6	22.2
Net income (GAAP measure)	\$ 261.8	\$ 219.4	\$ 1,095.0	\$ 809.6
<b>Group Insurance:</b>				
Total revenue	\$ 519.3	\$ 468.0	\$ 1,960.1	\$ 1,832.9
Selling expenses	\$ 21.6	\$ 15.8	\$ 69.1	\$ 56.7
General and administrative expenses	39.2	40.1	153.9	159.5
Total operating expenses	\$ 60.8	\$ 55.9	\$ 223.0	\$ 216.2
Operating earnings	\$ 38.0	\$ 33.4	\$ 126.5	\$ 134.8
Net realized capital gains	6.0	5.5	19.8	14.5
Net income (GAAP measure)	\$ 44.0	\$ 38.9	\$ 146.3	\$ 149.3
<b>Large Case Pensions:</b>				
Total revenue	\$ 188.5	\$ 180.6	\$ 743.4	\$ 766.4
Operating earnings	\$ 9.6	\$ 9.3	\$ 31.3	\$ 36.5
Net realized capital gains (losses)	3.5	(1.2)	10.5	5.3
Net income (GAAP measure)	\$ 13.1	\$ 8.1	\$ 41.8	\$ 41.8
<b>Corporate Interest:</b>				
Interest expense, net of tax	\$ 18.2	\$ 16.9	\$ 68.0	\$ 66.9
<b>Total Company:</b>				
Total revenue	\$ 5,168.3	\$ 4,574.8	\$ 19,904.1	\$ 17,976.4
Selling expenses	\$ 188.9	\$ 143.8	\$ 700.0	\$ 567.4
General and administrative expenses	842.2	879.5	3,283.8	3,471.7
Operating expenses, excluding other items	1,031.1	1,023.3	3,983.8	4,039.1
Aetna Foundation contribution	45.0	-	45.0	-
Physician class action settlement	-	-	-	115.4
Total operating expenses (GAAP measure)	\$ 1,076.1	\$ 1,023.3	\$ 4,028.8	\$ 4,154.5

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

**Enrollment**  
(Members in Thousands)

	December 31, 2004	December 31, 2003	September 30, 2004
<b>Medical Membership:</b>			
Commercial	13,446	12,783	13,358
Medicare	97	105	99
Medicaid	113	114	113
Total Medical Membership	<u>13,656</u>	<u>13,002</u>	<u>13,570</u>
<b>Dental Membership</b>	<u>11,932</u>	<u>10,942</u>	<u>11,636</u>
<b>Pharmacy Membership (1)</b>	<u>8,447</u>	<u>7,521</u>	<u>8,323</u>
<b>Group Insurance Membership</b>	<u>13,494</u>	<u>12,288</u>	<u>13,287</u>
<b>Aetna HealthFund® (2)</b>	<u>222</u>	<u>44</u>	<u>212</u>

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

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
<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, other items and favorable development (A)	\$ 470.5	\$ 351.6	\$ 1,930.3	\$ 1,417.5
Favorable development of prior-period health care cost estimates	60.0	43.0	90.0	228.0
Operating earnings before income taxes, excluding interest expense, amortization of other acquired intangible assets and other items (B)	530.5	394.6	2,020.3	1,645.5
Interest expense	(28.1)	(25.9)	(104.7)	(102.9)
Amortization of other acquired intangible assets	(7.8)	(12.7)	(42.5)	(50.8)
Aetna Foundation contribution (other item)	(45.0)	-	(45.0)	-
Physician class action settlement (other item)	-	-	-	(115.4)
Net realized capital gains	19.3	15.4	70.8	65.2
Income from continuing operations before income taxes (C) (GAAP measure)	<u>\$ 468.9</u>	<u>\$ 371.4</u>	<u>\$ 1,898.9</u>	<u>\$ 1,441.6</u>
<b>Reconciliation to Income from continuing operations:</b>				
Operating earnings, excluding interest expense, amortization of other acquired intangible assets, other items and favorable development (D)	\$ 302.8	\$ 237.1	\$ 1,237.1	\$ 918.7
Favorable development of prior-period health care cost estimates, net of tax	38.0	28.0	57.0	148.0
Operating earnings, excluding interest expense, amortization of other acquired intangible assets and other items (E)	340.8	265.1	1,294.1	1,066.7
Interest expense, net of tax	(18.2)	(16.9)	(68.0)	(66.9)
Amortization of other acquired intangible assets, net of tax	(5.0)	(8.3)	(27.6)	(33.0)
Aetna Foundation contribution, net of tax (other item)	(29.3)	-	(29.3)	-
Physician class action settlement, net of tax (other item)	-	-	-	(75.0)
Net realized capital gains, net of tax	12.4	9.6	45.9	42.0
Income from continuing operations (F) (GAAP measure)	<u>\$ 300.7</u>	<u>\$ 249.5</u>	<u>\$ 1,215.1</u>	<u>\$ 933.8</u>
<b>Reconciliation of Revenue:</b>				
Revenue, excluding net realized capital gains (G)	\$ 5,149.0	\$ 4,559.4	\$ 19,833.3	\$ 17,911.2
Net realized capital gains	19.3	15.4	70.8	65.2
Total revenue (H) (GAAP measure)	<u>\$ 5,168.3</u>	<u>\$ 4,574.8</u>	<u>\$ 19,904.1</u>	<u>\$ 17,976.4</u>
<b>Total Company Operating Margins:</b>				
Pretax operating margin (B)/(G)	10.3%	8.7%	10.2%	9.2%
Pretax operating margin - Adjusted (A)/(G)	9.1%	7.7%	9.7%	7.9%
Pretax operating margin (C)/(H) (GAAP measure)	9.1%	8.1%	9.5%	8.0%
After-tax operating margin (E)/(G)	6.6%	5.8%	6.5%	6.0%
After-tax operating margin - Adjusted (D)/(G)	5.9%	5.2%	6.2%	5.1%
After-tax operating margin (F)/(H) (GAAP measure)	5.8%	5.5%	6.1%	5.2%

(1) Pharmacy membership includes 7,989; 7,244 and 7,896 thousand members receiving pharmacy benefit management services and 458; 277 and 427 thousand members who purchased medications through Aetna's mail order pharmacy during the quarterly period at December 31, 2004; December 31, 2003 and September 30, 2004, respectively.

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

**Health Care Medical Cost Ratios (1)**  
(\$ in Millions)

	Three Months Ended		Twelve Months Ended	
	December 31, 2004	December 31, 2003	December 31, 2004	December 31, 2003
<b>Health Care Premiums:</b>				
Health Care Risk (A)	\$ 3,870.4	\$ 3,388.7	\$ 14,862.8	\$ 13,235.5
Commercial Risk (B)	\$ 3,641.2	\$ 3,161.0	\$ 13,924.1	\$ 12,329.3
Medicare (C)	\$ 229.2	\$ 227.7	\$ 938.7	\$ 906.2
<b>Health Care Costs:</b>				
<u>Health Care Risk</u>				
Health care costs (D) (GAAP measure)	\$ 3,026.5	\$ 2,616.5	\$ 11,637.7	\$ 10,135.8
Favorable development of prior-period health care cost estimates	60.0	43.0	90.0	228.0
Health care costs - Adjusted (E)	<u>\$ 3,086.5</u>	<u>\$ 2,659.5</u>	<u>\$ 11,727.7</u>	<u>\$ 10,363.8</u>
<u>Commercial Risk</u>				
Health care costs (F) (GAAP measure)	\$ 2,823.8	\$ 2,421.9	\$ 10,828.8	\$ 9,365.4
Favorable development of prior-period health care cost estimates	54.0	43.0	78.0	215.0
Health care costs - Adjusted (G)	<u>\$ 2,877.8</u>	<u>\$ 2,464.9</u>	<u>\$ 10,906.8</u>	<u>\$ 9,580.4</u>
<u>Medicare</u>				
Health care costs (H) (GAAP measure)	\$ 202.9	\$ 195.6	\$ 809.0	\$ 771.8
Favorable development of prior-period health care cost estimates	6.0	-	12.0	13.0
Health care costs - Adjusted (I)	<u>\$ 208.9</u>	<u>\$ 195.6</u>	<u>\$ 821.0</u>	<u>\$ 784.8</u>
<b>Health Care Medical Cost Ratios:</b>				
Health Care Risk (D)/(A) (GAAP measure)	78.2%	77.2%	78.3%	76.6%
Health Care Risk - Adjusted (E)/(A)	79.7%	78.5%	78.9%	78.3%
Commercial Risk (F)/(B) (GAAP measure)	77.6%	76.6%	77.8%	76.0%
Commercial Risk - Adjusted (G)/(B)	79.0%	78.0%	78.3%	77.7%
Medicare (H)/(C) (GAAP measure)	88.5%	85.9%	86.2%	85.2%
Medicare - Adjusted (I)/(C)	91.1%		87.5%	86.6%

(1) 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.