

Financial Supplement

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This document is supplemental to our fourth quarter 2008 earnings press release issued on February 12, 2009 and should be read in conjunction therewith and in conjunction with our 2008 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 Jeffrey Chaffkin, Vice President, Investor Relations at 860-273-7830 or chaffkinj@aetna.com.

Financial Highlights

(Millions, except per common share data)	Three Months Ended			Twelve Months Ended		
	December 31, 2008	December 31, 2007	Change	December 31, 2008	December 31, 2007	Change
Operating Earnings ⁽¹⁾						
Aetna Inc.	\$ 448.3	\$ 454.5	(1.4) %	\$ 1,920.9	\$ 1,837.1	4.6 %
Aetna Inc. per common share	.96	.88	9.1 %	3.93	3.49	12.6 %
Health Care	459.9	439.6	4.6 %	1,895.4	1,770.9	7.0 %
Group Insurance	18.6	37.0	(49.7) %	140.0	145.5	(3.8) %
Large Case Pensions	12.0	11.4	5.3 %	39.2	38.1	2.9 %
Net Income						
Aetna Inc.	194.7	448.4	(56.6) %	1,384.1	1,831.0	(24.4) %
Aetna Inc. per common share	.42	.87	(51.7) %	2.83	3.47	(18.4) %
Weighted average common shares - diluted	468.3	516.3	(9.3) %	488.3	527.0	(7.3) %
Operating Margin ⁽¹⁾						
Pretax Operating Margin	9.3 %	10.8 %	(1.5) pts.	10.3 %	11.1 %	(.8) pts.
After-tax Operating Margin	6.4 %	7.1 %	(.7) pts.	6.8 %	7.3 %	(.5) pts.
Revenue by Segment ⁽¹⁾						
Health Care	\$ 7,381.8	\$ 6,446.5	14.5 %	\$ 29,051.2	\$ 24,802.3	17.1 %
Group Insurance	494.4	543.8	(9.1) %	2,021.9	2,178.1	(7.2) %
Large Case Pensions	101.6	163.4	(37.8) %	533.5	692.9	(23.0) %
Total Revenue	\$ 7,977.8	\$ 7,153.7	11.5 %	\$ 31,606.6	\$ 27,673.3	14.2 %
Operating Expenses as a percent of Revenue ⁽¹⁾						
	18.1 %	19.0 %	(.9) pts.	17.8 %	18.2 %	(.4) pts.

Membership (Thousands)	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008	December 31, 2007
Medical	17,701	17,668	17,499	17,467	16,853
Dental	14,124	14,117	14,106	14,166	13,832
Pharmacy	11,098	11,054	10,968	10,951	10,732
Days Claims Payable	41.3	42.9	43.9	44.4	44.7

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Health Care and Group Insurance Statistics

(Millions)	Three Months Ended			Twelve Months Ended		
	December 31, 2008	December 31, 2007	Change	December 31, 2008	December 31, 2007	Change
Health Care						
Premiums						
Commercial	\$ 5,171.8	\$ 4,825.7	7.2 %	\$ 20,096.2	\$ 18,656.8	7.7 %
Medicare	1,184.4	634.3	86.7 %	4,816.1	2,598.3	85.4 %
Medicaid	157.9	123.4	28.0 %	595.0	245.0	142.9 %
Health Care	\$ 6,514.1	\$ 5,583.4	16.7 %	\$ 25,507.3	\$ 21,500.1	18.6 %
Health Care Costs						
Commercial	\$ 4,168.6	\$ 3,822.0	9.1 %	\$ 16,143.2	\$ 14,823.2	8.9 %
Medicare	1,023.8	548.4	86.7 %	4,122.0	2,255.0	82.8 %
Medicaid	137.0	110.3	24.2 %	520.3	216.6	140.2 %
Health Care	\$ 5,329.4	\$ 4,480.7	18.9 %	\$ 20,785.5	\$ 17,294.8	20.2 %
Medical Benefit Ratios						
Commercial	80.6 %	79.2 %	1.4 pts.	80.3 %	79.5 %	.8 pts.
Medicare	86.4 %	86.5 %	(.1) pts.	85.6 %	86.8 %	(1.2) pts.
Medicaid	86.8 %	89.4 %	(2.6) pts.	87.4 %	88.4 %	(1.0) pts.
Health Care	81.8 %	80.3 %	1.5 pts.	81.5 %	80.4 %	1.1 pts.
Group Insurance						
Revenue ⁽¹⁾	\$ 494.4	\$ 543.8	(9.1) %	\$ 2,021.9	\$ 2,178.1	(7.2) %
Benefit ratio	90.5 %	89.8 %	.7 pts.	87.2 %	91.3 %	(4.1) pts.

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Health Care Membership

(Thousands)	December 31, 2008			September 30, 2008			December 31, 2007		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
<u>Products</u>									
Medical:									
Commercial	5,595	10,893	16,488	5,525	10,931	16,456	5,390	10,453	15,843
Medicare	366	-	366	365	-	365	193	14	207
Medicaid	207	640	847	180	667	847	166	637	803
Total Medical	6,168	11,533	17,701	6,070	11,598	17,668	5,749	11,104	16,853
Consumer-Directed Health Plans ⁽²⁾			1,431			1,412			994
Dental:									
Commercial	5,012	7,494	12,506	4,995	7,543	12,538	5,037	7,269	12,306
Medicare & Medicaid	229	374	603	226	402	628	190	398	588
Network Access ⁽³⁾	-	1,015	1,015	-	951	951	-	938	938
Total Dental	5,241	8,883	14,124	5,221	8,896	14,117	5,227	8,605	13,832
Pharmacy:									
Commercial			9,846			9,809			9,613
Medicare PDP (stand-alone)			375			372			311
Medicare Advantage PDP			195			193			151
Medicaid			25			23			21
Total Pharmacy Benefit Management Services			10,441			10,397			10,096
Mail Order ⁽⁴⁾			657			657			636
Total Pharmacy			11,098			11,054			10,732
<u>Regions</u>									
Northeast	1,138	1,533	2,671	1,116	1,541	2,657	1,154	1,471	2,625
Mid-Atlantic	1,062	1,776	2,838	1,067	1,772	2,839	1,074	1,767	2,841
Southeast	969	1,814	2,783	963	1,819	2,782	949	1,726	2,675
North Central	877	2,227	3,104	880	2,245	3,125	783	2,271	3,054
Southwest	683	2,058	2,741	684	2,065	2,749	669	1,880	2,549
West	1,181	1,990	3,171	1,121	2,022	3,143	987	1,852	2,839
Other	258	135	393	239	134	373	133	137	270
Total Medical	6,168	11,533	17,701	6,070	11,598	17,668	5,749	11,104	16,853
Percent of Total	34.8%	65.2%	100.0%	34.4%	65.6%	100.0%	34.1%	65.9%	100.0%

Refer to page 13 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	Corporate Interest	Consolidated
Three Months Ended December 31, 2008					
Revenue:					
Premiums	\$ 6,514.1	\$ 421.7	\$ 39.9	\$ -	\$ 6,975.7
Fees and other revenue	796.3	24.5	3.0	-	823.8
Net investment income	71.4	48.2	58.7	-	178.3
Total revenue, excluding net realized capital losses ⁽¹⁾	7,381.8	494.4	101.6	-	7,977.8
Benefits and expenses:					
Health care costs	5,329.4	-	-	-	5,329.4
Current and future benefits	-	381.6	82.7	-	464.3
Operating expenses:					
Selling expenses	265.6	22.4	-	-	288.0
General and administrative expenses, excluding other items ⁽¹⁾	1,083.1	68.5	3.6	-	1,155.2
Total operating expenses	1,348.7	90.9	3.6	-	1,443.2
Interest expense	-	-	-	64.9	64.9
Amortization of other acquired intangible assets	26.0	1.7	-	-	27.7
Total benefits and expenses	6,704.1	474.2	86.3	64.9	7,329.5
Operating earnings (loss), excluding income taxes	677.7	20.2	15.3	(64.9)	648.3
Income taxes	217.8	1.6	3.3	(22.7)	200.0
Operating earnings (loss)	459.9	18.6	12.0	(42.2)	448.3
Severance and facility charge, net of tax	(35.6)	-	-	-	(35.6)
Contribution for the establishment of an out-of-network pricing database	(20.0)	-	-	-	(20.0)
Net realized capital losses, net of tax	(53.6)	(123.8)	(20.6)	-	(198.0)
Net income (loss)	\$ 350.7	\$ (105.2)	\$ (8.6)	\$ (42.2)	\$ 194.7
Three Months Ended December 31, 2007					
Revenue:					
Premiums	\$ 5,583.4	\$ 444.0	\$ 42.2	\$ -	\$ 6,069.6
Fees and other revenue	770.5	25.5	3.1	-	799.1
Net investment income	92.6	74.3	118.1	-	285.0
Total revenue, excluding net realized capital losses ⁽¹⁾	6,446.5	543.8	163.4	-	7,153.7
Benefits and expenses:					
Health care costs	4,480.7	-	-	-	4,480.7
Current and future benefits	-	398.9	144.5	-	543.4
Operating expenses:					
Selling expenses	244.0	23.2	-	-	267.2
General and administrative expenses	1,014.9	70.1	3.9	-	1,088.9
Total operating expenses	1,258.9	93.3	3.9	-	1,356.1
Interest expense	-	-	-	51.5	51.5
Amortization of other acquired intangible assets	26.3	1.8	-	-	28.1
Total benefits and expenses	5,765.9	494.0	148.4	51.5	6,459.8
Operating earnings (loss), excluding income taxes	680.6	49.8	15.0	(51.5)	693.9
Income taxes	241.0	12.8	3.6	(18.0)	239.4
Operating earnings (loss)	439.6	37.0	11.4	(33.5)	454.5
Net realized capital losses, net of tax	(.4)	(4.6)	(1.1)	-	(6.1)
Net income (loss)	\$ 439.2	\$ 32.4	\$ 10.3	\$ (33.5)	\$ 448.4

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Statements of Net Income (Loss) by Segment (Continued)

(Millions)	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Twelve Months Ended December 31, 2008					
Revenue:					
Premiums	\$ 25,507.3	\$ 1,683.6	\$ 193.2	\$ -	\$ 27,384.1
Fees and other revenue	3,202.6	97.9	12.0	-	3,312.5
Net investment income	341.3	240.4	328.3	-	910.0
Total revenue, excluding net realized capital losses ⁽¹⁾	29,051.2	2,021.9	533.5	-	31,606.6
Benefits and expenses:					
Health care costs	20,785.5	-	-	-	20,785.5
Current and future benefits	-	1,468.8	469.9	-	1,938.7
Operating expenses:					
Selling expenses	1,055.2	94.4	-	-	1,149.6
General and administrative expenses, excluding other items ⁽¹⁾	4,207.1	263.5	14.4	-	4,485.0
Total operating expenses	5,262.3	357.9	14.4	-	5,634.6
Interest expense	-	-	-	236.4	236.4
Amortization of other acquired intangible assets	101.3	6.9	-	-	108.2
Total benefits and expenses	26,149.1	1,833.6	484.3	236.4	28,703.4
Operating earnings (loss), excluding income taxes	2,902.1	188.3	49.2	(236.4)	2,903.2
Income taxes	1,006.7	48.3	10.0	(82.7)	982.3
Operating earnings (loss)	1,895.4	140.0	39.2	(153.7)	1,920.9
Severance and facility charge, net of tax	(35.6)	-	-	-	(35.6)
Contribution for the establishment of an out-of-network pricing database	(20.0)	-	-	-	(20.0)
Allowance on reinsurance recoverable, net of tax	-	(27.4)	-	-	(27.4)
Reduction of reserve for anticipated future losses on discontinued products, net of tax	-	-	28.5	-	28.5
Net realized capital losses, net of tax	(213.1)	(224.7)	(44.5)	-	(482.3)
Net income (loss)	\$ 1,626.7	\$ (112.1)	\$ 23.2	\$ (153.7)	\$ 1,384.1
Twelve Months Ended December 31, 2007					
Revenue:					
Premiums	\$ 21,500.1	\$ 1,774.0	\$ 205.3	\$ -	\$ 23,479.4
Fees and other revenue	2,931.3	101.1	11.6	-	3,044.0
Net investment income	370.9	303.0	476.0	-	1,149.9
Total revenue, excluding net realized capital losses ⁽¹⁾	24,802.3	2,178.1	692.9	-	27,673.3
Benefits and expenses:					
Health care costs	17,294.8	-	-	-	17,294.8
Current and future benefits	-	1,619.2	628.9	-	2,248.1
Operating expenses:					
Selling expenses	966.6	94.3	-	-	1,060.9
General and administrative expenses	3,708.3	261.9	15.3	-	3,985.5
Total operating expenses	4,674.9	356.2	15.3	-	5,046.4
Interest expense	-	-	-	180.6	180.6
Amortization of other acquired intangible assets	90.7	6.9	-	-	97.6
Total benefits and expenses	22,060.4	1,982.3	644.2	180.6	24,867.5
Operating earnings (loss), excluding income taxes	2,741.9	195.8	48.7	(180.6)	2,805.8
Income taxes	971.0	50.3	10.6	(63.2)	968.7
Operating earnings (loss)	1,770.9	145.5	38.1	(117.4)	1,837.1
Reduction of reserve for anticipated future losses on discontinued products, net of tax	-	-	41.8	-	41.8
Net realized capital losses, net of tax	(21.9)	(25.1)	(9)	-	(47.9)
Net income (loss)	\$ 1,749.0	\$ 120.4	\$ 79.0	\$ (117.4)	\$ 1,831.0

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Balance Sheets

(Millions)	December 31, 2008			December 31, 2007		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,023.5	\$ 156.0	\$ 1,179.5	\$ 1,140.8	\$ 113.2	\$ 1,254.0
Investments	542.8	163.2	706.0	567.3	284.2	851.5
Premiums receivable, net	616.4	-	616.4	479.8	-	479.8
Other receivables, net	521.4	32.9	554.3	511.5	77.6	589.1
Accrued investment income	126.1	67.5	193.6	114.7	74.5	189.2
Collateral received under securities loan agreements	538.8	210.8	749.6	698.7	443.7	1,142.4
Income taxes receivable	121.1	43.8	164.9	-	-	-
Deferred income taxes	257.5	44.0	301.5	265.4	56.3	321.7
Other current assets	448.3	4.3	452.6	385.1	53.6	438.7
Total current assets	4,195.9	722.5	4,918.4	4,163.3	1,103.1	5,266.4
Long-term investments	10,412.4	5,751.0	16,163.4	10,421.6	6,618.5	17,040.1
Reinsurance recoverables	1,000.7	9.6	1,010.3	1,079.1	14.1	1,093.2
Goodwill	5,085.6	-	5,085.6	5,081.0	-	5,081.0
Other acquired intangible assets, net	667.4	-	667.4	780.4	-	780.4
Property and equipment, net	433.0	34.5	467.5	314.6	49.4	364.0
Deferred income taxes	551.6	227.1	778.7	-	-	-
Other long-term assets	841.3	-	841.3	1,850.2	-	1,850.2
Separate Accounts assets	1.6	5,918.3	5,919.9	2.9	19,246.5	19,249.4
Total assets	\$ 23,189.5	\$ 12,663.0	\$ 35,852.5	\$ 23,693.1	\$ 27,031.6	\$ 50,724.7
Liabilities and shareholders' equity						
Current liabilities:						
Health care costs payable	\$ 2,393.2	\$ -	\$ 2,393.2	\$ 2,177.4	\$ -	\$ 2,177.4
Future policy benefits	145.1	614.6	759.7	123.9	639.9	763.8
Unpaid claims	559.0	.8	559.8	625.3	.6	625.9
Unearned premiums	232.1	6.5	238.6	192.3	6.1	198.4
Policyholders' funds	712.4	42.0	754.4	522.3	145.9	668.2
Collateral payable under securities loan agreements	538.8	210.8	749.6	698.7	443.7	1,142.4
Short-term debt	215.7	-	215.7	116.9	13.8	130.7
Accrued expenses and other current liabilities	1,799.0	84.8	1,883.8	1,764.6	203.3	1,967.9
Total current liabilities	6,595.3	959.5	7,554.8	6,221.4	1,453.3	7,674.7
Future policy benefits	1,926.9	4,838.5	6,765.4	1,969.1	5,284.1	7,253.2
Unpaid claims	1,271.2	-	1,271.2	1,234.1	-	1,234.1
Policyholders' funds	618.9	552.8	1,171.7	546.1	679.6	1,225.7
Long-term debt	3,638.3	-	3,638.3	3,138.5	-	3,138.5
Deferred income taxes	-	-	-	327.4	(181.0)	146.4
Other long-term liabilities	1,328.1	16.7	1,344.8	742.4	21.9	764.3
Separate Accounts liabilities	1.6	5,918.3	5,919.9	2.9	19,246.5	19,249.4
Total liabilities	15,380.3	12,285.8	27,666.1	14,181.9	26,504.4	40,686.3
Shareholders' equity	7,809.2	377.2	8,186.4 ⁽⁵⁾	9,511.2	527.2	10,038.4
Total liabilities and shareholders' equity	\$ 23,189.5	\$ 12,663.0	\$ 35,852.5	\$ 23,693.1	\$ 27,031.6	\$ 50,724.7

Refer to page 13 for an explanation of footnotes, definitions and balance sheet terms used.

Condensed Statements of Cash Flows

(Millions)	Three Months Ended					
	December 31, 2008			December 31, 2007		
	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)	\$ 203.3	\$ (8.6)	\$ 194.7	\$ 438.1	\$ 10.3	\$ 448.4
Adjustments to reconcile net income to net cash provided						
by (used for) operating activities:						
Net realized capital losses	186.8	31.7	218.5	7.6	1.7	9.3
Depreciation and amortization	98.4	-	98.4	89.6	-	89.6
Equity in earnings of affiliates, net	53.6	40.1	93.7	(3.1)	(20.1)	(23.2)
Stock-based compensation expense	15.5	-	15.5	20.6	-	20.6
(Accretion) amortization of net investment (discount) premium	(4.1)	(6.1)	(10.2)	.6	(2.4)	(1.8)
Changes in assets and liabilities:						
Accrued investment income	.1	4.1	4.2	(7.4)	2.5	(4.9)
Premiums due and other receivables	111.6	1.4	113.0	111.1	(.5)	110.6
Income taxes	(60.5)	12.6	(47.9)	8.5	30.1	38.6
Other assets and other liabilities	(61.5)	6.3	(55.2)	(13.9)	5.6	(8.3)
Health care and insurance liabilities	(72.1)	(92.7)	(164.8)	33.4	(52.7)	(19.3)
Other, net	(6.4)	1.0	(5.4)	(1.0)	.4	(.6)
Net cash provided by (used for) operating activities	464.7	(10.2)	454.5	684.1	(25.1)	659.0
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	2,011.1	526.9	2,538.0	2,344.1	755.6	3,099.7
Cost of investments purchased	(1,725.1)	(387.5)	(2,112.6)	(2,708.2)	(661.5)	(3,369.7)
Additions of property, equipment and software	(142.0)	-	(142.0)	(128.1)	-	(128.1)
Cash used for acquisitions, net of cash acquired	-	-	-	(66.3)	-	(66.3)
Net cash provided by (used for) investing activities	144.0	139.4	283.4	(58.5)	94.1	(46.4)
Cash flows from financing activities:						
Proceeds from issuance of long-term debt, net of issuance costs	-	-	-	663.9	-	663.9
Net (repayment) issuance of short-term debt	(266.4)	-	(266.4)	(413.7)	13.8	(399.9)
Deposits and interest credited for investment contracts	-	2.6	2.6	-	2.6	2.6
Withdrawals of investment contracts	-	(30.4)	(30.4)	-	(14.6)	(14.6)
Common shares issued under benefit plans	.9	-	.9	34.1	-	34.1
Stock-based compensation tax benefits	4.0	-	4.0	23.8	-	23.8
Common shares repurchased	(114.9)	-	(114.9)	(361.1)	-	(361.1)
Dividends paid to shareholders	(18.4)	-	(18.4)	(20.0)	-	(20.0)
Other, net	3.6	(3.6)	-	(.1)	.1	-
Net cash (used for) provided by financing activities	(391.2)	(31.4)	(422.6)	(73.1)	1.9	(71.2)
Net increase in cash and cash equivalents	217.5	97.8	315.3	52.5	70.9	123.4
Cash and cash equivalents, beginning of period	806.0	58.2	864.2	1,088.3	42.3	1,130.6
Cash and cash equivalents, end of period	\$ 1,023.5	\$ 156.0	\$ 1,179.5	\$ 1,140.8	\$ 113.2	\$ 1,254.0

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Condensed Statements of Cash Flows (Continued)

(Millions)	Twelve Months Ended					
	December 31, 2008			December 31, 2007		
	Health Care and Group Insurance	Large Case Pensions	Total	Health Care and Group Insurance	Large Case Pensions	Total
Cash flows from operating activities:						
Net income	\$ 1,360.9	\$ 23.2	\$ 1,384.1	\$ 1,752.0	\$ 79.0	\$ 1,831.0
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital losses	587.4	68.5	655.9	72.3	1.4	73.7
Depreciation and amortization	378.3	-	378.3	321.5	-	321.5
Stock-based compensation expense	95.7	-	95.7	89.4	-	89.4
Equity in earnings of affiliates, net	94.3	64.8	159.1	(18.4)	(69.9)	(88.3)
(Accretion) amortization of net investment (discount) premium	(.7)	(14.5)	(15.2)	11.0	(7.4)	3.6
Changes in assets and liabilities:						
Accrued investment income	(11.4)	7.0	(4.4)	(8.5)	2.4	(6.1)
Premiums due and other receivables	(132.1)	25.9	(106.2)	(90.4)	(1.3)	(91.7)
Income taxes	(157.2)	13.8	(143.4)	39.6	(10.8)	28.8
Other assets and other liabilities	(104.8) ⁽⁶⁾	(5.6)	(110.4)	(111.9)	(7.1)	(119.0)
Health care and insurance liabilities	292.6	(374.7) ⁽⁷⁾	(82.1)	312.6	(288.8) ⁽⁷⁾	23.8
Other, net	(5.4)	.9	(4.5)	(1.5)	.3	(1.2)
Net cash provided by (used for) operating activities	2,397.6	(190.7)	2,206.9	2,367.7	(302.2)	2,065.5
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	9,530.5	2,150.7	11,681.2	7,423.6	3,153.4	10,577.0
Cost of investments purchased	(10,569.1)	(1,738.8)	(12,307.9)	(7,842.5)	(2,799.7)	(10,642.2)
Additions of property, equipment and software	(446.6)	-	(446.6)	(400.4)	-	(400.4)
Cash used for acquisitions, net of cash acquired	-	-	-	(572.2)	-	(572.2)
Net cash (used for) provided by investing activities	(1,485.2)	411.9	(1,073.3)	(1,391.5)	353.7	(1,037.8)
Cash flows from financing activities:						
Proceeds from issuance of long-term debt, net of issuance costs	484.8	-	484.8	663.9	-	663.9
Net issuance (repayment) of short-term debt	99.4	(13.8)	85.6	91.6	(6.1)	85.5
Deposits and interest credited for investment contracts	-	8.5	8.5	-	9.7	9.7
Withdrawals of investment contracts	-	(38.4)	(38.4)	-	(21.2)	(21.2)
Common shares issued under benefit plans	29.7	-	29.7	170.8	-	170.8
Stock-based compensation tax benefits	27.8	-	27.8	153.2	-	153.2
Common shares repurchased	(1,787.7)	-	(1,787.7)	(1,695.6)	-	(1,695.6)
Dividends paid to shareholders	(18.4)	-	(18.4)	(20.0)	-	(20.0)
Intersegment dividend	133.5	(133.5)	-	-	-	-
Other, net	1.2	(1.2)	-	10.4	(10.4)	-
Net cash used for financing activities	(1,029.7)	(178.4)	(1,208.1)	(625.7)	(28.0)	(653.7)
Net (decrease) increase in cash and cash equivalents	(117.3)	42.8	(74.5)	350.5	23.5	374.0
Cash and cash equivalents, beginning of period	1,140.8	113.2	1,254.0	790.3	89.7	880.0
Cash and cash equivalents, end of period	\$ 1,023.5	\$ 156.0	\$ 1,179.5	\$ 1,140.8	\$ 113.2	\$ 1,254.0

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Investment Portfolio
At December 31, 2008

(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
Debt and equity securities:								
Debt securities:								
U.S. corporate securities	\$ 3,694.9	\$ 264.4	\$ 3,959.3	31.1%	\$ 2,196.2	41.3%	\$ 6,155.5	34.1%
Residential mortgage-backed securities	1,025.3	155.2	1,180.5	9.3%	68.6	1.3%	1,249.1	6.9%
Commercial mortgage-backed securities	563.9	34.6	598.5	4.7%	263.9	5.0%	862.4	4.8%
Other asset-backed securities	285.0	45.9	330.9	2.6%	52.6	1.0%	383.5	2.1%
States, municipalities and political subdivisions	1,838.3	-	1,838.3	14.4%	55.3	1.0%	1,893.6	10.5%
U.S. government securities	736.1	27.9	764.0	6.0%	241.6	4.6%	1,005.6	5.6%
Foreign securities	1,296.6	117.9	1,414.5	11.1%	697.6	13.1%	2,112.1	11.7%
Redeemable preferred securities	143.5	15.6	159.1	1.3%	140.9	2.6%	300.0	1.6%
Total debt securities	9,583.6	661.5	10,245.1	80.5%	3,716.7	69.9%	13,961.8	77.3%
Equity securities	0.9	3.9	4.8	-	26.7	.5%	31.5	.3%
Total debt and equity securities	9,584.5	665.4	10,249.9	80.5%	3,743.4	70.4%	13,993.3	77.6%
Mortgage loans	850.5	15.2	865.7	6.8%	814.2	15.3%	1,679.9	9.3%
Other investments:								
Real estate	78.3	.3	78.6	.6%	68.8	1.3%	147.4	.8%
Hedge funds	139.4	-	139.4	1.1%	342.1	6.4%	481.5	2.7%
Private equity	96.5	13.8	110.3	.9%	249.4	4.7%	359.7	2.0%
Other	206.0	1.6	207.6	1.6%	-	-	207.6	1.1%
Total other investments	520.2	15.7	535.9	4.2%	660.3	12.4%	1,196.2	6.6%
Total investments	10,955.2	696.3	11,651.5	91.5%	5,217.9	98.1%	16,869.4	93.5%
Cash and cash equivalents	1,023.5	52.9	1,076.4	8.5%	103.1	1.9%	1,179.5	6.5%
Total investments, cash and cash equivalents	\$ 11,978.7	\$ 749.2	\$ 12,727.9		\$ 5,321.0		\$ 18,048.9	

Average credit quality

A+

A

A+

A

A+

Refer to page 13 for an explanation of footnotes and definitions of terms used.

Roll Forward of Health Care Costs Payable

(Millions)	Year Ended December 31,		
	2008	2007	2006
Health care costs payable at beginning of period	\$ 2,177.4	\$ 1,927.5	\$ 1,817.0
Less: reinsurance recoverables	2.9	3.7	5.5
Health care costs payable at beginning of period, net	2,174.5	1,923.8	1,811.5
Acquisition of businesses	-	58.1	-
Incurring health care costs:			
Current year	20,948.5	17,472.0	15,495.4
Prior years *	(163.0)	(177.2)	(194.4)
Total incurred health care costs	20,785.5	17,294.8	15,301.0
Paid health care costs:			
Current year	18,726.4	15,528.5	13,761.9
Prior years	1,842.4	1,573.7	1,426.8
Total paid health care costs	20,568.8	17,102.2	15,188.7
Health care costs payable at end of period, net	2,391.2	2,174.5	1,923.8
Plus: reinsurance recoverables	2.0	2.9	3.7
Health care costs payable at end of period	\$ 2,393.2	\$ 2,177.4	\$ 1,927.5
Health care costs payable:			
Incurred but not reported claims	\$ 2,059.9	\$ 1,739.7	\$ 1,507.7
Other claims	333.3	437.7	419.8
Total Health care costs payable	\$ 2,393.2	\$ 2,177.4	\$ 1,927.5

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

Refer to page 13 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		Twelve Months Ended	
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Summary of Results				
Operating earnings	\$ 448.3	\$ 454.5	\$ 1,920.9	\$ 1,837.1
Severance and facility charge	(35.6)	-	(35.6)	-
Contribution for the establishment of an out-of-network pricing database	(20.0)	-	(20.0)	-
Allowance on reinsurance recoverable	-	-	(27.4)	-
Reduction of reserve for anticipated future losses on discontinued products	-	-	28.5	41.8
Net realized capital losses	(198.0)	(6.1)	(482.3)	(47.9)
Net income (GAAP measure)	\$ 194.7	\$ 448.4	\$ 1,384.1	\$ 1,831.0
Weighted average common shares - diluted	468.3	516.3	488.3	527.0
Summary of Results Per Common Share				
Operating earnings	\$.96	\$.88	\$ 3.93	\$ 3.49
Severance and facility charge	(.08)	-	(.07)	-
Contribution for the establishment of an out-of-network pricing database	(.04)	-	(.04)	-
Allowance on reinsurance recoverable	-	-	(.06)	-
Reduction of reserve for anticipated future losses on discontinued products	-	-	.06	.08
Net realized capital losses	(.42)	(.01)	(.99)	(.10)
Net income (GAAP measure)	\$.42	\$.87	\$ 2.83	\$ 3.47
Health Care				
Reconciliation of Revenue				
Revenue, excluding net realized capital losses	\$ 7,381.8	\$ 6,446.5	\$ 29,051.2	\$ 24,802.3
Net realized capital losses	(30.8)	(.5)	(276.2)	(33.7)
Total revenue (GAAP measure)	\$ 7,351.0	\$ 6,446.0	\$ 28,775.0	\$ 24,768.6
Group Insurance				
Reconciliation of Revenue				
Revenue, excluding net realized capital losses	\$ 494.4	\$ 543.8	\$ 2,021.9	\$ 2,178.1
Net realized capital losses	(156.0)	(7.1)	(311.2)	(38.6)
Total revenue (GAAP measure)	\$ 338.4	\$ 536.7	\$ 1,710.7	\$ 2,139.5
Large Case Pensions				
Reconciliation of Revenue				
Revenue, excluding net realized capital losses	\$ 101.6	\$ 163.4	\$ 533.5	\$ 692.9
Net realized capital losses	(31.7)	(1.7)	(68.5)	(1.4)
Total revenue (GAAP measure)	\$ 69.9	\$ 161.7	\$ 465.0	\$ 691.5

	December 31, 2008	
	Three Months Ended	Year Ended
Health Care and Group Insurance Operating Cash Flows as a Percentage of Operating Earnings		
Net cash provided by operating activities: Health Care, Group Insurance and Corporate Interest	\$ 464.7	\$ 2,397.6
Operating earnings: Health Care, Group Insurance and Corporate Interest	\$ 436.3	\$ 1,881.7
Severance and facility charge	(35.6)	(35.6)
Contribution for the establishment of an out-of-network pricing database	(20.0)	(20.0)
Allowance on reinsurance recoverable	-	(27.4)
Net realized capital losses	(177.4)	(437.8)
Net income: Health Care, Group Insurance and Corporate Interest	\$ 203.3	\$ 1,360.9
Operating cash flow as a percentage of net income	228.6%	176.2%

Refer to page 13 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		Twelve Months Ended		
		December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007	
Reconciliation to Income Before Income Taxes						
	Operating earnings before income taxes, excluding interest expense and amortization of other acquired intangible assets	(A)	\$ 740.9	\$ 773.5	\$ 3,247.8	\$ 3,084.0
	Interest expense		(64.9)	(51.5)	(236.4)	(180.6)
	Amortization of other acquired intangible assets		(27.7)	(28.1)	(108.2)	(97.6)
	Severance and facility charge		(54.7)	-	(54.7)	-
	Contribution for the establishment of an out-of-network pricing database		(20.0)	-	(20.0)	-
	Allowance on reinsurance recoverable		-	-	(42.2)	-
	Reduction of reserve for anticipated future losses on discontinued products		-	-	43.8	64.3
	Net realized capital losses		(218.5)	(9.3)	(655.9)	(73.7)
	Income before income taxes (GAAP measure)	(B)	\$ 355.1	\$ 684.6	\$ 2,174.2	\$ 2,796.4
Reconciliation to Net Income						
	Operating earnings, excluding interest expense and amortization of other acquired intangible assets	(C)	\$ 508.5	\$ 506.3	\$ 2,144.9	\$ 2,017.9
	Interest expense, net of tax		(42.2)	(33.5)	(153.7)	(117.4)
	Amortization of other acquired intangible assets, net of tax		(18.0)	(18.3)	(70.3)	(63.4)
	Severance and facility charge, net of tax		(35.6)	-	(35.6)	-
	Contribution for the establishment of an out-of-network pricing database		(20.0)	-	(20.0)	-
	Allowance on reinsurance recoverable, net of tax		-	-	(27.4)	-
	Reduction of reserve for anticipated future losses on discontinued products, net of tax		-	-	28.5	41.8
	Net realized capital losses, net of tax		(198.0)	(6.1)	(482.3)	(47.9)
	Net income (GAAP measure)	(D)	\$ 194.7	\$ 448.4	\$ 1,384.1	\$ 1,831.0
Reconciliation of Revenue						
	Revenue, excluding net realized capital losses and 2007 acquisitions	(E)	\$ 7,780.9	\$ 6,993.0	\$ 30,865.3	\$ 27,406.6
	Schaller Anderson and Goodhealth revenue		196.9	160.7	741.3	266.7
	Revenue, excluding net realized capital losses	(F)	7,977.8	7,153.7	31,606.6	27,673.3
	Net realized capital losses		(218.5)	(9.3)	(655.9)	(73.7)
	Total revenue (GAAP measure)	(G)	\$ 7,759.3	\$ 7,144.4	\$ 30,950.7	\$ 27,599.6
Operating Margin						
	Pretax operating margin	(A)/(F)	9.3 %	10.8 %	10.3 %	11.1 %
	Pretax net income margin (GAAP measure)	(B)/(G)	4.6 %	9.6 %	7.0 %	10.1 %
	After-tax operating margin	(C)/(F)	6.4 %	7.1 %	6.8 %	7.3 %
	After-tax net income margin (GAAP measure)	(D)/(G)	2.5 %	6.3 %	4.5 %	6.6 %
Reconciliation of Operating Expenses						
	Operating expenses, excluding 2007 acquisitions and other items	(H)	\$ 1,373.8	\$ 1,292.1	\$ 5,365.4	\$ 4,946.4
	Schaller Anderson and Goodhealth operating expenses		69.4	64.0	269.2	100.0
	Operating expenses, excluding other items	(I)	1,443.2	1,356.1	5,634.6	5,046.4
	Severance and facility charge		54.7	-	54.7	-
	Contribution for the establishment of an out-of-network pricing database		20.0	-	20.0	-
	Allowance on reinsurance recoverable		-	-	42.2	-
	Total operating expenses (GAAP measure)	(J)	\$ 1,517.9	\$ 1,356.1	\$ 5,751.5	\$ 5,046.4
Operating Expenses as a % of Revenue						
	Operating expenses as a % of revenue, excluding 2007 acquisitions and other items	(H)/(E)	17.7 %	18.5 %	17.4 %	18.0 %
	Operating expenses as a % of revenue, excluding other items	(I)/(F)	18.1 %	19.0 %	17.8 %	18.2 %
	Total operating expenses as a % of total revenue (GAAP measure)	(J)/(G)	19.6 %	19.0 %	18.6 %	18.3 %

Refer to page 13 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 performance, all operating earnings metrics exclude net realized capital gains and losses and other items, if any, from net income. In addition, operating margins exclude interest expense and amortization of other acquired intangible assets. Also, revenue excludes net realized capital gains and losses. We use these measures to assess business performance and to make decisions regarding our operations and allocation of resources among our businesses.
- For a reconciliation of financial measures calculated under U.S. generally accepted accounting principles ("GAAP"), refer to page 11-12.
- (2) Represents members in consumer-directed health plans included in our Commercial medical membership.
- (3) Represents members in products that allow these members access to our dental provider network for a nominal fee.
- (4) Represents members who purchased medications through Aetna Rx Home Delivery[®], our mail order pharmacy, during the quarterly period and included in pharmacy membership.
- (5) Consolidated shareholders' equity at December 31, 2008 decreased approximately \$1.8 billion compared to the balance at December 31, 2007. This reduction primarily relates to unrealized losses on Aetna's retirement plans and its investment portfolio.
- (6) Includes approximately \$127 million of cash proceeds for the twelve months ended December 31, 2008 for premium stabilization funds received from a large customer.
- (7) Includes a pretax reduction of the reserve for anticipated future losses on discontinued products of \$44 million and \$64 million for the twelve months ended December 31, 2008 and 2007, respectively. Changes in insurance liabilities are satisfied by sales of related investment assets included in net cash provided by investment activities.

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.

After-tax Operating Margins are calculated by dividing after-tax operating earnings, excluding interest expense, amortization of other acquired intangible assets and other items, if any, by revenue, excluding net realized capital gains (losses).

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 and Medicaid.

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 net realized capital gains (losses) and other items, if any, from net income.

Operating Expenses as a % of Revenue are calculated by dividing operating expenses, excluding other items, if any, by revenue, excluding net realized capital gains (losses).

Pretax Operating Margins are calculated by dividing pretax operating earnings, excluding interest expense, amortization of other acquired intangible assets and other items, if any, by revenue, excluding net realized capital gains (losses).

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

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 Account assets and liabilities in the Large Case Pensions business 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.