

Fourth Quarter 2010

Financial Supplement

Table of Contents

Financial Highlights	1
Health Care and Group Insurance Statistics	2
Health Care Membership	3
Statements of Net Income (Loss) by Segment	4-5
Balance Sheets	6
Condensed Statements of Cash Flows	7-8
Investment Portfolio at December 31, 2010	9
Roll Forward of Health Care Costs Payable	10
Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure	11-14
Footnotes, Definitions and Balance Sheet Terms	15

This document is supplemental to our fourth quarter 2010 earnings press release issued on February 4, 2011 and should be read in conjunction therewith and in conjunction with our 2010 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,		
	2010	2009	Change	2010	2009	Change
<u>Operating Earnings</u> ⁽¹⁾						
Business Segments:						
Health Care	\$ 280.4	\$ 261.6	7.2 %	\$ 1,650.1	\$ 1,412.7	16.8 %
Group Insurance	20.5	(14.1)	245.4 %	128.0	103.8	23.3 %
Large Case Pensions	6.4	8.6	(25.6) %	27.8	32.2	(13.7) %
Total - Business Segments	307.3	256.1	20.0 %	1,805.9	1,548.7	16.6 %
Corporate Financing ⁽²⁾	(52.3)	(77.5)	32.5 %	(250.5)	(310.8)	19.4 %
Aetna Inc.	\$ 255.0	\$ 178.6	42.8 %	\$ 1,555.4	\$ 1,237.9	25.6 %
Aetna Inc. per common share	\$.63	\$.40	57.5 %	\$ 3.68	\$ 2.75	33.8 %
<u>Net Income</u>						
Aetna Inc.	\$ 215.6	\$ 165.9	30.0 %	\$ 1,766.8	\$ 1,276.5	38.4 %
Aetna Inc. per common share	\$.53	\$.38	39.5 %	\$ 4.18	\$ 2.84	47.2 %
Weighted average common shares - diluted	403.3	441.5	(8.7) %	422.9	449.5	(5.9) %
<u>Operating Margin</u>						
Pretax operating margin ⁽¹⁾	5.5 %	4.1 %	1.4 pts.	8.0 %	6.4 %	1.6 pts.
After-tax net income margin (GAAP Measure)	2.5 %	1.9 %	.6 pts.	5.2 %	3.7 %	1.5 pts.
<u>Revenue by Segment</u> ⁽¹⁾						
Health Care	\$ 7,871.1	\$ 8,046.1	(2.2) %	\$ 31,442.7	\$ 32,024.1	(1.8) %
Group Insurance	502.6	510.1	(1.5) %	2,051.2	2,101.2	(2.4) %
Large Case Pensions	138.4	141.2	(2.0) %	524.6	553.6	(5.2) %
Total Revenue	\$ 8,512.1	\$ 8,697.4	(2.1) %	\$ 34,018.5	\$ 34,678.9	(1.9) %
Operating Expense Ratio ⁽¹⁾	21.2 %	19.5 %	1.7 pts.	19.3 %	18.2 %	1.1 pts.
Business Segment Operating Expense Ratio ⁽¹⁾	21.0 %	18.8 %	2.2 pts.	18.9 %	17.6 %	1.3 pts.

Refer to page 15 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,		
	2010	2009	Change	2010	2009	Change
Health Care						
Premiums						
Commercial	\$ 5,199.7	\$ 4,474.1	(5.0) %	\$ 20,632.2	\$ 21,581.6	(4.4) %
Medicare	1,387.4	1,422.6	(2.5) %	5,896.1	5,735.8	2.8 %
Medicaid	304.3	231.6	31.4 %	1,082.3	926.4	16.8 %
Health Care	\$ 6,891.4	\$ 7,128.3	(3.3) %	\$ 27,610.6	\$ 28,243.8	(2.2) %
Health Care Costs						
Commercial	\$ 4,194.6	\$ 4,655.5	(9.9) %	\$ 16,624.4	\$ 18,246.6	(8.9) %
Medicare	1,264.3	1,232.8	2.6 %	5,148.3	4,994.0	3.1 %
Medicaid	261.8	196.7	33.1 %	946.9	820.6	15.4 %
Health Care	\$ 5,720.7	\$ 6,085.0	(6.0) %	\$ 22,719.6	\$ 24,061.2	(5.6) %
Medical Benefit Ratios ("MBR")						
Commercial	80.7 %	85.0 %	(4.3) pts.	80.6 %	84.5 %	(3.9) pts.
Medicare	91.1 %	86.7 %	4.4 pts.	87.3 %	87.1 %	.2 pts.
Medicaid	86.0 %	84.9 %	1.1 pts.	87.5 %	88.6 %	(1.1) pts.
Health Care	83.0 %	85.4 %	(2.4) pts.	82.3 %	85.2 %	(2.9) pts.
Group Insurance						
Benefit ratio	98.4 %	103.4 %	(5.0) pts.	92.0 %	91.6 %	.4 pts.

	December 31, 2010	September 30, 2010	June 30, 2010	March 31, 2010	December 31, 2009
Days Claims Payable	42.3	43.2	43.2	46.9	43.8

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Health Care Membership

(Thousands)	December 31, 2010			September 30, 2010			December 31, 2009		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
<u>Products</u>									
Medical:									
Commercial	5,015	11,809	16,824	5,051	11,857	16,908	5,614	11,821	17,435
Medicare	445	-	445	449	-	449	433	-	433
Medicaid	381	818	1,199	366	805	1,171	310	736	1,046
Total Medical	5,841	12,627	18,468	5,866	12,662	18,528	6,357	12,557	18,914
Consumer-Directed Health Plans ⁽³⁾			2,184			2,225			1,868
Dental:									
Commercial	4,944	7,193	12,137	4,963	7,243	12,206	4,998	7,304	12,302
Medicare & Medicaid	177	462	639	170	455	625	260	432	692
Network Access ⁽⁴⁾	-	971	971	-	967	967	-	1,067	1,067
Total Dental	5,121	8,626	13,747	5,133	8,665	13,798	5,258	8,803	14,061
Pharmacy Benefit Management Services:									
Commercial			8,553			8,644			9,728
Medicare PDP (stand-alone)			608			622			346
Medicare Advantage PDP			227			231			240
Medicaid			27			30			30
Total Pharmacy Benefit Management Services			9,415			9,527			10,344
Mail Order ⁽⁵⁾			602			627			669
Total Pharmacy			10,017			10,154			11,013
<u>Regions</u>									
Northeast	1,839	2,709	4,548	1,835	2,710	4,545	1,952	2,669	4,621
Southeast	1,125	2,902	4,027	1,137	2,900	4,037	1,302	2,826	4,128
Mid-America	1,306	4,522	5,828	1,315	4,554	5,869	1,426	4,423	5,849
West	1,286	2,356	3,642	1,298	2,354	3,652	1,391	2,521	3,912
Other	285	138	423	281	144	425	286	118	404
Total Medical	5,841	12,627	18,468	5,866	12,662	18,528	6,357	12,557	18,914
Percent of Total	31.6%	68.4%	100.0%	31.7%	68.3%	100.0%	33.6%	66.4%	100.0%

Refer to page 15 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 ⁽²⁾	Consolidated
Three Months Ended December 31, 2010						
Revenue:						
Premiums	\$ 6,891.4	\$ 404.6	\$ 33.4	\$ 7,329.4	\$ -	\$ 7,329.4
Fees and other revenue	874.4	26.0	3.1	903.5	-	903.5
Net investment income	105.3	72.0	101.9	279.2	-	279.2
Total revenue, excluding net realized capital gains ⁽¹⁾	7,871.1	502.6	138.4	8,512.1	-	8,512.1
Benefits and expenses:						
Health care costs	5,720.7	-	-	5,720.7	-	5,720.7
Current and future benefits	-	398.3	126.5	524.8	-	524.8
Operating expenses:						
Selling expenses	281.6	16.2	-	297.8	-	297.8
General and administrative expenses, excluding other items ⁽¹⁾	1,421.1	67.3	3.8	1,492.2	11.3	1,503.5
Total operating expenses	1,702.7	83.5	3.8	1,790.0	11.3	1,801.3
Interest expense	-	-	-	-	69.1	69.1
Amortization of other acquired intangible assets	21.4	1.8	-	23.2	-	23.2
Total benefits and expenses	7,444.8	483.6	130.3	8,058.7	80.4	8,139.1
Operating earnings (loss), before income taxes (benefits)	426.3	19.0	8.1	453.4	(80.4)	373.0
Income taxes (benefits)	145.9	(1.5)	1.7	146.1	(28.1)	118.0
Operating earnings (loss) ⁽¹⁾	280.4	20.5	6.4	307.3	(52.3)	255.0
Transaction-related costs, net of tax ⁽⁶⁾	(43.1)	-	-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁷⁾	16.4	-	-	16.4	-	16.4
Severance and facilities charge, net of tax ⁽⁸⁾	(30.8)	-	-	(30.8)	-	(30.8)
Net realized capital gains (losses), net of tax	21.8	4.4	(8.1)	18.1	-	18.1
Net income (loss)	\$ 244.7	\$ 24.9	\$ (1.7)	\$ 267.9	\$ (52.3)	\$ 215.6
Three Months Ended December 31, 2009						
Revenue:						
Premiums	\$ 7,128.3	\$ 415.6	\$ 44.4	\$ 7,588.3	\$ -	\$ 7,588.3
Fees and other revenue	816.0	25.0	3.1	844.1	-	844.1
Net investment income	101.8	69.5	93.7	265.0	-	265.0
Total revenue, excluding net realized capital gains and the ESI settlement ⁽¹⁾	8,046.1	510.1	141.2	8,697.4	-	8,697.4
Benefits and expenses:						
Health care costs	6,085.0	-	-	6,085.0	-	6,085.0
Current and future benefits	-	429.7	126.8	556.5	-	556.5
Operating expenses:						
Selling expenses	289.6	23.8	-	313.4	-	313.4
General and administrative expenses, excluding an other item ⁽¹⁾	1,247.8	74.4	3.2	1,325.4	58.7	1,384.1
Total operating expenses	1,537.4	98.2	3.2	1,638.8	58.7	1,697.5
Interest expense	-	-	-	-	60.6	60.6
Amortization of other acquired intangible assets	22.5	1.8	-	24.3	-	24.3
Total benefits and expenses	7,644.9	529.7	130.0	8,304.6	119.3	8,423.9
Operating earnings (loss) before income taxes (benefits)	401.2	(19.6)	11.2	392.8	(119.3)	273.5
Income taxes (benefits)	139.6	(5.5)	2.6	136.7	(41.8)	94.9
Operating earnings (loss) ⁽¹⁾	261.6	(14.1)	8.6	256.1	(77.5)	178.6
Severance and facilities charge, net of tax ⁽⁸⁾	(60.9)	-	-	(60.9)	-	(60.9)
ESI settlement, net of tax ⁽⁹⁾	19.6	-	-	19.6	-	19.6
Net realized capital gains, net of tax	12.1	15.4	1.1	28.6	-	28.6
Net income (loss)	\$ 232.4	\$ 1.3	\$ 9.7	\$ 243.4	\$ (77.5)	\$ 165.9

Refer to page 15 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 ⁽²⁾	Consolidated
Year Ended December 31, 2010						
Revenue:						
Premiums	\$ 27,610.6	\$ 1,671.1	\$ 151.0	\$ 29,432.7	\$ -	\$ 29,432.7
Fees and other revenue	3,413.3	105.0	11.2	3,529.5	-	3,529.5
Net investment income	418.8	275.1	362.4	1,056.3	-	1,056.3
Total revenue, excluding net realized capital gains ⁽¹⁾	31,442.7	2,051.2	524.6	34,018.5	-	34,018.5
Benefits and expenses:						
Health care costs	22,719.6	-	-	22,719.6	-	22,719.6
Current and future benefits	-	1,536.6	476.8	2,013.4	-	2,013.4
Operating expenses:						
Selling expenses	1,148.4	78.2	-	1,226.6	-	1,226.6
General and administrative expenses, excluding other items ⁽¹⁾	4,927.5	264.3	12.6	5,204.4	130.7	5,335.1
Total operating expenses	6,075.9	342.5	12.6	6,431.0	130.7	6,561.7
Interest expense	-	-	-	-	254.6	254.6
Amortization of other acquired intangible assets	88.3	6.9	-	95.2	-	95.2
Total benefits and expenses	28,883.8	1,886.0	489.4	31,259.2	385.3	31,644.5
Operating earnings (loss), before income taxes (benefits)	2,558.9	165.2	35.2	2,759.3	(385.3)	2,374.0
Income taxes (benefits)	908.8	37.2	7.4	953.4	(134.8)	818.6
Operating earnings (loss) ⁽¹⁾	1,650.1	128.0	27.8	1,805.9	(250.5)	1,555.4
Transaction-related costs, net of tax ⁽⁶⁾	(43.1)	-	-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁷⁾	101.5	-	-	101.5	-	101.5
Severance and facilities charge, net of tax ⁽⁸⁾	(30.8)	-	-	(30.8)	-	(30.8)
Net realized capital gains, net of tax	131.0	51.6	1.2	183.8	-	183.8
Net income (loss)	\$ 1,808.7	\$ 179.6	\$ 29.0	\$ 2,017.3	\$ (250.5)	\$ 1,766.8
Year Ended December 31, 2009						
Revenue:						
Premiums	\$ 28,243.8	\$ 1,720.2	\$ 172.2	\$ 30,136.2	\$ -	\$ 30,136.2
Fees and other revenue	3,387.8	106.9	11.6	3,506.3	-	3,506.3
Net investment income	392.5	274.1	369.8	1,036.4	-	1,036.4
Total revenue, excluding net realized capital gains (losses) and the ESI settlement ⁽¹⁾	32,024.1	2,101.2	553.6	34,678.9	-	34,678.9
Benefits and expenses:						
Health care costs	24,061.2	-	-	24,061.2	-	24,061.2
Current and future benefits	-	1,575.2	502.9	2,078.1	-	2,078.1
Operating expenses:						
Selling expenses	1,158.7	93.2	-	1,251.9	-	1,251.9
General and administrative expenses, excluding other items ⁽¹⁾	4,547.4	283.4	10.0	4,840.8	234.8	5,075.6
Total operating expenses	5,706.1	376.6	10.0	6,092.7	234.8	6,327.5
Interest expense	-	-	-	-	243.4	243.4
Amortization of other acquired intangible assets	90.3	6.9	-	97.2	-	97.2
Total benefits and expenses	29,857.6	1,958.7	512.9	32,329.2	478.2	32,807.4
Operating earnings (loss) before income taxes (benefits)	2,166.5	142.5	40.7	2,349.7	(478.2)	1,871.5
Income taxes (benefits)	753.8	38.7	8.5	801.0	(167.4)	633.6
Operating earnings (loss) ⁽¹⁾	1,412.7	103.8	32.2	1,548.7	(310.8)	1,237.9
Litigation-related insurance proceeds, net of tax ⁽⁷⁾	24.9	-	-	24.9	-	24.9
Severance and facilities charge, net of tax ⁽⁸⁾	(60.9)	-	-	(60.9)	-	(60.9)
ESI settlement, net of tax ⁽⁹⁾	19.6	-	-	19.6	-	19.6
Net realized capital gains (losses), net of tax	19.0	41.8	(5.8)	55.0	-	55.0
Net income (loss)	\$ 1,415.3	\$ 145.6	\$ 26.4	\$ 1,587.3	\$ (310.8)	\$ 1,276.5

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Balance Sheets

(Millions)	December 31, 2010			December 31, 2009		
	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	\$ 1,762.4	\$ 105.2	\$ 1,867.6	\$ 1,030.3	\$ 173.3	\$ 1,203.6
Investments	1,713.7	456.0	2,169.7	2,406.6	516.1	2,922.7
Premiums receivable, net	661.9	-	661.9	630.4	-	630.4
Other receivables, net	652.9	39.7	692.6	602.3	24.4	626.7
Accrued investment income	140.6	62.8	203.4	146.8	62.4	209.2
Collateral received under securities loan agreements	160.9	49.7	210.6	165.8	44.2	210.0
Income taxes receivable	214.1	(4.0)	210.1	30.4	59.1	89.5
Deferred income taxes	265.3	61.7	327.0	360.4	79.1	439.5
Other current assets	647.2	4.1	651.3	543.5	7.9	551.4
Total current assets	6,219.0	775.2	6,994.2	5,916.5	966.5	6,883.0
Long-term investments	11,885.9	5,660.4	17,546.3	11,554.9	5,496.2	17,051.1
Reinsurance recoverables	950.1	10.0	960.1	976.8	10.1	986.9
Goodwill	5,146.4	-	5,146.4	5,146.2	-	5,146.2
Other acquired intangible assets, net	495.5	-	495.5	590.7	-	590.7
Property and equipment, net	509.6	19.7	529.3	526.6	24.4	551.0
Deferred income taxes	(28.1)	58.0	29.9	209.3	68.0	277.3
Other long-term assets	742.4	-	742.4	781.1	-	781.1
Separate Accounts assets	-	5,295.3	5,295.3	-	6,283.1	6,283.1
Total assets	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4	\$ 25,702.1	\$ 12,848.3	\$ 38,550.4
Liabilities and shareholders' equity						
Current liabilities:						
Health care costs payable	\$ 2,630.9	\$ -	\$ 2,630.9	\$ 2,895.3	\$ -	\$ 2,895.3
Future policy benefits	146.0	582.4	728.4	147.6	592.0	739.6
Unpaid claims	592.7	.6	593.3	558.9	.6	559.5
Unearned premiums	314.3	4.4	318.7	301.0	5.4	306.4
Policyholders' funds	867.1	51.0	918.1	753.6	34.7	788.3
Collateral payable under securities loan agreements	161.0	49.8	210.8	165.8	44.2	210.0
Short-term debt	-	-	-	480.8	-	480.8
Current portion of long-term debt	899.9	-	899.9	-	-	-
Accrued expenses and other current liabilities	2,328.0	108.8	2,436.8	2,260.6	119.4	2,380.0
Total current liabilities	7,939.9	797.0	8,736.9	7,563.6	796.3	8,359.9
Future policy benefits	1,710.7	4,565.7	6,276.4	1,793.9	4,676.2	6,470.1
Unpaid claims	1,514.3	-	1,514.3	1,453.0	-	1,453.0
Policyholders' funds	589.1	727.5	1,316.6	598.0	696.1	1,294.1
Long-term debt	3,482.6	-	3,482.6	3,639.5	-	3,639.5
Other long-term liabilities	1,075.4	151.1	1,226.5	1,441.2	105.7	1,546.9
Separate Accounts liabilities	-	5,295.3	5,295.3	-	6,283.1	6,283.1
Total liabilities	16,312.0	11,536.6	27,848.6	16,489.2	12,557.4	29,046.6
Shareholders' equity	9,608.8	282.0	9,890.8	9,212.9	290.9	9,503.8
Total liabilities and shareholders' equity	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4	\$ 25,702.1	\$ 12,848.3	\$ 38,550.4

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Condensed Statements of Cash Flows

Three Months Ended

(Millions)	December 31, 2010			December 31, 2009		
	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)	\$ 217.3	\$ (1.7)	\$ 215.6	\$ 156.2	\$ 9.7	\$ 165.9
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:						
Net realized capital (gains) losses	(40.3)	12.5	(27.8)	(27.5)	(1.1)	(28.6)
Depreciation and amortization	131.1	-	131.1	109.2	-	109.2
Equity in earnings of affiliates, net	.8	(24.3)	(23.5)	5.5	(28.2)	(22.7)
Stock-based compensation expense	24.5	-	24.5	9.6	-	9.6
Accretion of net investment discount	(7.1)	(1.8)	(8.9)	(8.1)	(4.3)	(12.4)
Changes in assets and liabilities:						
Accrued investment income	2.6	1.4	4.0	(8.7)	2.3	(6.4)
Premiums due and other receivables	59.8	(.4)	59.4	104.5	(.8)	103.7
Income taxes	(80.3)	57.1	(23.2)	(50.2)	15.6	(34.6)
Other assets and other liabilities	258.8	20.6	279.4	304.5	19.5	324.0
Health care and insurance liabilities	.8	(60.9)	(60.1)	76.2	(53.6)	22.6
Other, net	.7	(5.7)	(5.0)	(.4)	2.6	2.2
Net cash provided by (used for) operating activities	568.7	(3.2)	565.5	670.8	(38.3)	632.5
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	2,392.8	777.5	3,170.3	1,938.4	376.4	2,314.8
Cost of investments purchased	(1,968.7)	(749.8)	(2,718.5)	(3,189.4)	(468.5)	(3,657.9)
Additions to property, equipment and software	(71.6)	-	(71.6)	(103.2)	.6	(102.6)
Cash used for acquisition, net of cash acquired	-	-	-	(69.0)	-	(69.0)
Net cash provided by (used for) investing activities	352.5	27.7	380.2	(1,423.2)	(91.5)	(1,514.7)
Cash flows from financing activities:						
Net (repayment) issuance of short-term debt	(235.4)	-	(235.4)	371.0	-	371.0
Deposits and interest credited for investment contracts	-	3.5	3.5	-	2.2	2.2
Withdrawals of investment contracts	-	(1.4)	(1.4)	-	(.9)	(.9)
Common shares issued under benefit plans	31.1	-	31.1	4.4	-	4.4
Stock-based compensation tax benefits	18.3	-	18.3	(4.5)	-	(4.5)
Common shares repurchased	(673.6)	-	(673.6)	(115.8)	-	(115.8)
Dividends paid to shareholders	(16.1)	-	(16.1)	(17.3)	-	(17.3)
Collateral on interest rate swaps	-	-	-	16.6	-	16.6
Other, net	(2.5)	2.5	-	(3.2)	3.2	-
Net cash (used for) provided by financing activities	(878.2)	4.6	(873.6)	251.2	4.5	255.7
Net increase (decrease) in cash and cash equivalents	43.0	29.1	72.1	(501.2)	(125.3)	(626.5)
Cash and cash equivalents, beginning of period	1,719.4	76.1	1,795.5	1,531.5	298.6	1,830.1
Cash and cash equivalents, end of period	\$ 1,762.4	\$ 105.2	\$ 1,867.6	\$ 1,030.3	\$ 173.3	\$ 1,203.6

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Condensed Statements of Cash Flows

(Millions)	Year Ended					
	December 31, 2010			December 31, 2009		
	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	\$ 1,737.8	\$ 29.0	\$ 1,766.8	\$ 1,250.1	\$ 26.4	\$ 1,276.5
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital (gains) losses	(228.7)	1.2	(227.5)	(60.8)	5.8	(55.0)
Depreciation and amortization	444.4	-	444.4	416.0	-	416.0
Equity in earnings of affiliates, net	13.5	(46.6)	(33.1)	26.6	(42.3)	(15.7)
Stock-based compensation expense	110.4	-	110.4	90.7	-	90.7
Accretion of net investment discount	(18.7)	(10.2)	(28.9)	(45.6)	(21.4)	(67.0)
Changes in assets and liabilities:						
Accrued investment income	6.2	(.4)	5.8	(20.7)	5.1	(15.6)
Premiums due and other receivables	(40.3)	1.7	(38.6)	(51.8)	(1.9)	(53.7)
Income taxes	119.3	63.5	182.8	(36.6)	22.2	(14.4)
Other assets and other liabilities ⁽¹⁰⁾	(288.4)	(20.9)	(309.3)	568.3	2.1	570.4
Health care and insurance liabilities	(215.2)	(243.4)	(458.6)	579.6	(222.0)	357.6
Other, net	4.6	(6.7)	(2.1)	(4.3)	2.8	(1.5)
Net cash provided by (used for) operating activities	1,644.9	(232.8)	1,412.1	2,711.5	(223.2)	2,488.3
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	9,570.9	2,395.8	11,966.7	8,017.5	2,012.1	10,029.6
Cost of investments purchased	(8,852.3)	(2,191.1)	(11,043.4)	(9,959.8)	(1,632.4)	(11,592.2)
Additions to property, equipment and software	(288.7)	-	(288.7)	(362.6)	.6	(362.0)
Cash used for acquisitions, net of cash acquired	(.1)	-	(.1)	(75.1)	-	(75.1)
Net cash provided by (used for) investing activities	429.8	204.7	634.5	(2,380.0)	380.3	(1,999.7)
Cash flows from financing activities:						
Proceeds from issuance of long-term debt, net of issuance costs	697.8	-	697.8	-	-	-
Net (repayment) issuance of short-term debt	(480.8)	-	(480.8)	266.1	-	266.1
Deposits and interest credited for investment contracts	-	8.0	8.0	-	7.1	7.1
Withdrawals of investment contracts	-	(9.5)	(9.5)	-	(9.0)	(9.0)
Common shares issued under benefit plans	43.2	-	43.2	14.8	-	14.8
Stock-based compensation tax benefits	22.5	-	22.5	5.1	-	5.1
Common shares repurchased	(1,606.0)	-	(1,606.0)	(773.0)	-	(773.0)
Dividends paid to shareholders	(16.1)	-	(16.1)	(17.3)	-	(17.3)
Intersegment dividend	43.8	(43.8)	-	147.7	(147.7)	-
Collateral on interest rate swaps	(41.7)	-	(41.7)	41.7	-	41.7
Other, net	(5.3)	5.3	-	(9.8)	9.8	-
Net cash used for financing activities	(1,342.6)	(40.0)	(1,382.6)	(324.7)	(139.8)	(464.5)
Net increase (decrease) in cash and cash equivalents	732.1	(68.1)	664.0	6.8	17.3	24.1
Cash and cash equivalents, beginning of period	1,030.3	173.3	1,203.6	1,023.5	156.0	1,179.5
Cash and cash equivalents, end of period	\$ 1,762.4	\$ 105.2	\$ 1,867.6	\$ 1,030.3	\$ 173.3	\$ 1,203.6

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Investment Portfolio
At December 31, 2010

(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. government securities	\$ 1,154.3	\$ 25.0	\$ 1,179.3	7.3%	\$ 194.4	3.5%	\$ 1,373.7	6.4%
States, municipalities and political subdivisions	2,145.0	8.3	2,153.3	13.4%	143.0	2.6%	2,296.3	10.6%
U.S. corporate securities	4,690.6	269.1	4,959.7	30.8%	2,302.9	42.0%	7,262.6	33.7%
Foreign securities	1,902.2	110.4	2,012.6	12.5%	864.7	15.8%	2,877.3	13.3%
Residential mortgage-backed securities	959.6	125.1	1,084.7	6.7%	55.3	1.0%	1,140.0	5.3%
Commercial mortgage-backed securities	902.7	96.0	998.7	6.2%	313.5	5.7%	1,312.2	6.1%
Other asset-backed securities	330.8	48.6	379.4	2.4%	84.5	1.5%	463.9	2.1%
Redeemable preferred securities	87.9	12.0	99.9	.6%	96.4	1.8%	196.3	.9%
Total debt securities	12,173.1	694.5	12,867.6	79.9%	4,054.7	73.9%	16,922.3	78.4%
Equity securities	6.1	-	6.1	-	33.2	.6%	39.3	.2%
Total debt and equity securities	12,179.2	694.5	12,873.7	79.9%	4,087.9	74.5%	16,961.6	78.6%
Mortgage loans	785.9	12.0	797.9	5.0%	711.9	13.0%	1,509.8	7.0%
Other investments:								
Real estate	141.4	.4	141.8	.9%	51.5	.9%	193.3	.9%
Hedge funds	208.0	-	208.0	1.3%	320.1	5.8%	528.1	2.4%
Private equity	98.6	4.8	103.4	.6%	231.1	4.2%	334.5	1.5%
Other	186.5	2.2	188.7	1.2%	-	-	188.7	.9%
Total other investments	634.5	7.4	641.9	4.0%	602.7	10.9%	1,244.6	5.7%
Total investments	13,599.6	713.9	14,313.5	88.9%	5,402.5	98.4%	19,716.0	91.3%
Cash and cash equivalents	1,762.4	19.6	1,782.0	11.1%	85.6	1.6%	1,867.6	8.7%
Total investments, cash and cash equivalents	\$ 15,362.0	\$ 733.5	\$ 16,095.5		\$ 5,488.1		\$ 21,583.6	
Average credit quality	A+	A	A		A		A	
Average duration (years) ⁽¹¹⁾	4.6	4.6	4.6		6.7		5.1	

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Roll Forward of Health Care Costs Payable

(Millions)	Year Ended December 31,		
	2010	2009	2008
Health care costs payable at beginning of period	\$ 2,895.3	\$ 2,393.2	\$ 2,177.4
Less: reinsurance recoverables	1.9	2.0	2.9
Health care costs payable at beginning of period, net	2,893.4	2,391.2	2,174.5
Acquisition of businesses	-	1.1	-
Incurred health care costs:			
Current year	23,045.6	24,127.2	20,948.5
Prior years *	(326.0)	(66.0)	(163.0)
Total incurred health care costs	22,719.6	24,061.2	20,785.5
Paid health care costs:			
Current year	20,588.5	21,401.1	18,726.4
Prior years	2,395.3	2,159.0	1,842.4
Total paid health care costs	22,983.8	23,560.1	20,568.8
Health care costs payable at end of period, net	2,629.2	2,893.4	2,391.2
Plus: reinsurance recoverables	1.7	1.9	2.0
Health care costs payable at end of period	\$ 2,630.9	\$ 2,895.3	\$ 2,393.2
Health care costs payable:			
Incurred but not reported claims	\$ 2,355.3	\$ 2,556.8	\$ 2,059.9
Other claims	275.6	338.5	333.3
Total health care costs payable	\$ 2,630.9	\$ 2,895.3	\$ 2,393.2

* 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 15 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Summary of Results				
Operating earnings	\$ 255.0	\$ 178.6	\$ 1,555.4	\$ 1,237.9
Transaction-related costs, net of tax ⁽⁶⁾	(43.1)	-	(43.1)	-
Litigation-related insurance proceeds, net of tax ⁽⁷⁾	16.4	-	101.5	24.9
Severance and facilities charge, net of tax ⁽⁸⁾	(30.8)	(60.9)	(30.8)	(60.9)
ESI settlement, net of tax ⁽⁹⁾	-	19.6	-	19.6
Net realized capital gains, net of tax	18.1	28.6	183.8	55.0
Net income (GAAP measure)	\$ 215.6	\$ 165.9	\$ 1,766.8	\$ 1,276.5
Weighted average common shares - diluted	403.3	441.5	422.9	449.5
Summary of Results Per Common Share				
Operating earnings	\$.63	\$.40	\$ 3.68	\$ 2.75
Transaction-related costs, net of tax ⁽⁶⁾	(.11)	-	(.10)	-
Litigation-related insurance proceeds, net of tax ⁽⁷⁾	.04	-	.24	.06
Severance and facilities charge, net of tax ⁽⁸⁾	(.07)	(.14)	(.07)	(.14)
ESI settlement, net of tax ⁽⁹⁾	-	.05	-	.05
Net realized capital gains, net of tax	.04	.07	.43	.12
Net income (GAAP measure)	\$.53	\$.38	\$ 4.18	\$ 2.84
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 Financing			(A) \$ 1,644.9	\$ 2,711.5
Pension contribution ⁽¹⁰⁾			328.3	29.3
Net cash provided by operating activities: Health Care, Group Insurance and Corporate Financing, excluding the pension contribution			(B) \$ 1,973.2	\$ 2,740.8
Operating earnings: Health Care, Group Insurance and Corporate Financing				
excluding Corporate Financing pension expense			(C) \$ 1,612.6	\$ 1,358.3
Corporate Financing pension expense ⁽²⁾			(85.0)	(152.6)
Operating earnings: Health Care, Group Insurance and Corporate Financing			1,527.6	1,205.7
Transaction-related costs, net of tax ⁽⁶⁾			(43.1)	-
Litigation-related insurance proceeds, net of tax ⁽⁷⁾			101.5	24.9
Severance and facilities charge, net of tax ⁽⁸⁾			(30.8)	(60.9)
ESI settlement, net of tax ⁽⁹⁾			-	19.6
Net realized capital gains, net of tax			182.6	60.8
Net income: Health Care, Group Insurance and Corporate Financing			(D) \$ 1,737.8	\$ 1,250.1
Operating cash flow excluding the pension contribution as a percentage of operating earnings				
excluding Corporate Financing pension expense			(B)/(C)	122.4%
Operating cash flow as a percentage of net income			(A)/(D)	94.7%
				216.9%

Refer to page 15 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009
Health Care				
Reconciliation of Revenue				
Revenue, excluding net realized capital gains and the ESI settlement	\$ 7,871.1	\$ 8,046.1	\$ 31,442.7	\$ 32,024.1
ESI settlement ⁽⁹⁾	-	30.2	-	30.2
Net realized capital gains	33.5	12.1	161.3	19.0
Total revenue (GAAP measure)	\$ 7,904.6	\$ 8,088.4	\$ 31,604.0	\$ 32,073.3
Commercial Medical Benefit Ratio, Excluding Prior-Period Reserve Development				
Premiums	(A) \$ 5,199.7	\$ 5,474.1	\$ 20,632.2	\$ 21,581.6
Health care costs (GAAP measure)	(B) \$ 4,194.6	\$ 4,655.5	\$ 16,624.4	\$ 18,246.6
Favorable (unfavorable) development of prior-period health care cost estimates	87.3	59.0	60.2	(96.6)
Health care costs, excluding prior-period development	(C) \$ 4,281.9	\$ 4,714.5	\$ 16,684.6	\$ 18,150.0
Commercial MBR (GAAP measure)	(B)/(A) 80.7%	85.0%	80.6%	84.5%
Commercial MBR, excluding prior-period reserve development	(C)/(A) 82.3%	86.1%	80.9%	84.1%
Group Insurance				
Reconciliation of Revenue				
Revenue, excluding net realized capital gains	\$ 502.6	\$ 510.1	\$ 2,051.2	\$ 2,101.2
Net realized capital gains	6.8	15.4	67.4	41.8
Total revenue (GAAP measure)	\$ 509.4	\$ 525.5	\$ 2,118.6	\$ 2,143.0
Large Case Pensions				
Reconciliation of Revenue				
Revenue, excluding net realized capital (losses) gains	\$ 138.4	\$ 141.2	\$ 524.6	\$ 553.6
Net realized capital (losses) gains	(12.5)	1.1	(1.2)	(5.8)
Total revenue (GAAP measure)	\$ 125.9	\$ 142.3	\$ 523.4	\$ 547.8

Refer to page 15 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009				
Total Company								
Reconciliation of Revenue								
Revenue, excluding net realized capital gains and the ESI settlement	(A) \$	8,512.1	\$	8,697.4	\$	34,018.5	\$	34,678.9
ESI settlement ⁽⁹⁾		-		30.2		-		30.2
Net realized capital gains		27.8		28.6		227.5		55.0
Total revenue (GAAP measure)	(B) \$	8,539.9	\$	8,756.2	\$	34,246.0	\$	34,764.1
Reconciliation of Operating Expenses								
Business segment operating expenses	(C) \$	1,790.0	\$	1,638.8	\$	6,431.0	\$	6,092.7
Corporate Financing segment operating expenses		11.3		58.7		130.7		234.8
Operating expenses, including Corporate Financing	(D)	1,801.3		1,697.5		6,561.7		6,327.5
Transaction-related costs ⁽⁶⁾		66.2		-		66.2		-
Litigation-related insurance proceeds ⁽⁷⁾		(25.3)		-		(156.3)		(38.2)
Severance and facilities charge ⁽⁸⁾		47.4		93.7		47.4		93.7
Total operating expenses (GAAP measure)	(E) \$	1,889.6	\$	1,791.2	\$	6,519.0	\$	6,383.0
Operating Expense Ratios:								
Business segment operating expense ratio ⁽¹⁾	(C)/(A)	21.0 %		18.8 %		18.9 %		17.6 %
Operating expense ratio ⁽¹⁾	(D)/(A)	21.2 %		19.5 %		19.3 %		18.2 %
Total operating expense ratio (GAAP measure)	(E)/(B)	22.1 %		20.5 %		19.0 %		18.4 %

Refer to page 15 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, 2010	December 31, 2009	December 31, 2010	December 31, 2009	
Reconciliation to Income Before Income Taxes						
Operating earnings before income taxes, excluding interest expense and amortization						
	of other acquired intangible assets	(A)	\$ 465.3	\$ 358.4	\$ 2,723.8	\$ 2,212.1
	Interest expense		(69.1)	(60.6)	(254.6)	(243.4)
	Amortization of other acquired intangible assets		(23.2)	(24.3)	(95.2)	(97.2)
	Transaction-related costs ⁽⁶⁾		(66.2)	-	(66.2)	-
	Litigation-related insurance proceeds ⁽⁷⁾		25.3	-	156.3	38.2
	Severance and facilities charge ⁽⁸⁾		(47.4)	(93.7)	(47.4)	(93.7)
	ESI settlement ⁽⁹⁾		-	30.2	-	30.2
	Net realized capital gains		27.8	28.6	227.5	55.0
Income before income taxes (GAAP measure)			\$ 312.5	\$ 238.6	\$ 2,644.2	\$ 1,901.2
Reconciliation to Net Income						
Operating earnings, excluding interest expense and amortization of other acquired						
	intangible assets		\$ 315.0	\$ 233.8	\$ 1,782.8	\$ 1,459.3
	Interest expense, net of tax		(44.9)	(39.4)	(165.5)	(158.2)
	Amortization of other acquired intangible assets, net of tax		(15.1)	(15.8)	(61.9)	(63.2)
	Transaction-related costs, net of tax ⁽⁶⁾		(43.1)	-	(43.1)	-
	Litigation-related insurance proceeds, net of tax ⁽⁷⁾		16.4	-	101.5	24.9
	Severance and facilities charge, net of tax ⁽⁸⁾		(30.8)	(60.9)	(30.8)	(60.9)
	ESI settlement, net of tax ⁽⁹⁾		-	19.6	-	19.6
	Net realized capital gains, net of tax		18.1	28.6	183.8	55.0
Net income (GAAP measure)		(B)	\$ 215.6	\$ 165.9	\$ 1,766.8	\$ 1,276.5
Reconciliation of Revenue						
Revenue, excluding net realized capital gains and the ESI settlement						
	ESI settlement ⁽⁹⁾		-	30.2	-	30.2
	Net realized capital gains		27.8	28.6	227.5	55.0
Total revenue (GAAP measure)		(D)	\$ 8,539.9	\$ 8,756.2	\$ 34,246.0	\$ 34,764.1
Operating Margin						
	Pretax operating margin ⁽¹⁾	(A)/(C)	5.5 %	4.1 %	8.0 %	6.4 %
	After-tax net income margin (GAAP measure)	(B)/(D)	2.5 %	1.9 %	5.2 %	3.7 %

Refer to page 15 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, operating earnings per share and operating expense 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 and the 2009 ESI settlement (refer to ⁽⁹⁾ below for additional information) and general and administrative expenses exclude other items. Management uses these measures to assess business performance and to make decisions regarding Aetna's operations and allocation of resources among Aetna's businesses. For a reconciliation of financial measures calculated under U.S. generally accepted accounting principles ("GAAP"), refer to pages 11-14.
- ⁽²⁾ The Corporate Financing segment includes interest expense on our outstanding debt and the financing components of our pension and other postretirement benefit plan expenses (herein referred to as "pension expense"). We continue to allocate the operating component of this expense (i.e., the service cost and prior service cost) to our business segments. The following table depicts the components of our pension expense for the three months and year ended December 31, 2010 and 2009.

(Millions)	Three Months Ended		Year Ended	
	Dec. 31, 2010	Dec. 31, 2009	Dec. 31, 2010	Dec. 31, 2009
Pretax - Pension Expense				
Operating component (allocated to business segments) ⁽¹²⁾	\$ 17.7	\$ 10.6	\$ 48.8	\$ 42.6
Financing component (allocated to Corporate Financing segment)	11.3	58.7	130.7	234.8
Total pension expense - pretax	\$ 29.0	\$ 69.3	\$ 179.5	\$ 277.4
After tax - Pension Expense				
Operating component (allocated to business segments) ⁽¹²⁾	\$ 11.5	\$ 7.0	\$ 31.7	\$ 27.7
Financing component (allocated to Corporate Financing segment)	7.4	38.1	85.0	152.6
Total pension expense - after tax	\$ 18.9	\$ 45.1	\$ 116.7	\$ 180.3

- ⁽³⁾ Represents members in consumer-directed health plans included in Aetna's Commercial medical membership.
- ⁽⁴⁾ Represents members in products that allow these members access to Aetna's dental provider network for a nominal fee.
- ⁽⁵⁾ Represents members who purchased medications through Aetna's mail order pharmacy operations during the quarterly period and are included in pharmacy membership above.
- ⁽⁶⁾ In the fourth quarter of 2010, we recorded transaction-related costs of \$43.1 million (\$66.2 million pretax). These costs related to our Pharmacy Benefit Management Subcontract Agreement with CVS Caremark Corporation and the announced acquisition of Medicity Inc.
- ⁽⁷⁾ Following a Pennsylvania Supreme Court ruling in June 2009, we recorded proceeds of \$16.4 million (\$25.3 million pretax) and \$101.5 million (\$156.3 million pretax) for the three months and year ended December 31, 2010, respectively, and \$24.9 million (\$38.2 million pretax) for the year ended December 31, 2009 from our liability insurers related to certain litigation we settled in 2003.
- ⁽⁸⁾ In the fourth quarters of 2010 and 2009, we recorded severance and facilities charges of \$30.8 million (\$47.4 million pretax) and \$60.9 million (\$93.7 million pretax), respectively. The 2010 severance and facilities charges related to actions taken in 2010 or committed to be taken in 2011. The 2009 severance and facilities charges related to actions previously taken.
- ⁽⁹⁾ In 2009, we reached an agreement with Express Scripts, Inc. and one of its subsidiaries (collectively "ESI") to settle certain litigation in which we were the plaintiff. Under the applicable settlement, we received approximately \$19.6 million (\$30.2 million pretax), net of fees and expenses, in the fourth quarter of 2009.
- ⁽¹⁰⁾ Includes voluntary pension plan contributions of approximately \$505 million and \$45 million pretax for 2010 and 2009, respectively.
- ⁽¹¹⁾ Represents the average duration of our debt securities, mortgage loans and cash and cash equivalents at December 31, 2010, excluding equity and equity-like investments that have no duration.
- ⁽¹²⁾ During the third quarter of 2010, we announced changes to our qualified pension plan effective December 31, 2010. As a result of this announcement, we recognized a curtailment gain of \$11.9 million (\$7.7 million after tax) during 2010.

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 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 and losses and other items, if any, from net income.

Operating Expense Ratios are calculated by dividing operating expenses, excluding other items, if any, by revenue, excluding net realized capital gains and losses.

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

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 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.