

Second Quarter 2011

Financial Supplement

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This document is supplemental to our second quarter 2011 earnings press release issued on July 27, 2011 and should be read in conjunction therewith and in conjunction with our Quarterly Report on Form 10-Q for the quarter ended June 30, 2011 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 June 30,			Six Months Ended June 30,		
	2011	2010	Change	2011	2010	Change
<u>Operating Earnings</u> ⁽¹⁾						
Business Segments:						
Health Care	\$ 512.9	\$ 467.4	9.7 %	\$ 1,068.2	\$ 927.5	15.2 %
Group Insurance	44.4	44.4	- %	87.3	72.9	19.8 %
Large Case Pensions	6.2	6.1	1.6 %	12.0	15.8	(24.1) %
Total - Business Segments	563.5	517.9	8.8 %	1,167.5	1,016.2	14.9 %
Corporate Financing ⁽²⁾	(40.7)	(67.7)	39.9 %	(84.5)	(135.4)	37.6 %
Aetna Inc.	\$ 522.8	\$ 450.2	16.1 %	\$ 1,083.0	\$ 880.8	23.0 %
Aetna Inc. per common share	\$ 1.35	\$ 1.05	28.6 %	\$ 2.78	\$ 2.03	36.9 %
<u>Net Income</u>						
Aetna Inc.	\$ 536.7	\$ 491.0	9.3 %	\$ 1,122.7	\$ 1,053.6	6.6 %
Aetna Inc. per common share	\$ 1.39	\$ 1.14	21.9 %	\$ 2.88	\$ 2.42	19.0 %
Weighted average common shares - diluted	387.3	430.2	(10.0) %	389.2	434.9	(10.5) %
<u>Operating Margin</u>						
Pretax operating margin ⁽¹⁾	10.7 %	9.2 %	1.5 pts.	11.0 %	8.9 %	2.1 pts.
After-tax net income margin (GAAP Measure)	6.4 %	5.7 %	.7 pts.	6.7 %	6.1 %	.6 pts.
<u>Revenue by Segment</u> ⁽¹⁾						
Health Care	\$ 7,691.4	\$ 7,864.3	(2.2) %	\$ 15,401.1	\$ 15,737.5	(2.1) %
Group Insurance	499.5	517.0	(3.4) %	1,003.9	1,046.9	(4.1) %
Large Case Pensions	132.1	121.1	9.1 %	266.1	262.8	1.3 %
Revenue, Excluding Net Realized Capital Gains	\$ 8,323.0	\$ 8,502.4	(2.1) %	\$ 16,671.1	\$ 17,047.2	(2.2) %
Operating Expense Ratio ⁽¹⁾	19.1 %	18.6 %	.5 pts.	18.9 %	18.6 %	.3 pts.
Business Segment Operating Expense Ratio ⁽¹⁾	19.1 %	18.1 %	1.0 pts.	18.9 %	18.1 %	.8 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 June 30,			Six Months Ended June 30,		
	2011	2010	Change	2011	2010	Change
Health Care						
Premiums						
Commercial	\$ 5,031.4	\$ 5,148.4	(2.3) %	\$ 10,045.0	\$ 10,291.8	(2.4) %
Medicare	1,358.3	1,507.2	(9.9) %	2,767.1	3,026.5	(8.6) %
Medicaid	343.7	259.6	32.4 %	671.9	492.0	36.6 %
Health Care	\$ 6,733.4	\$ 6,915.2	(2.6) %	\$ 13,484.0	\$ 13,810.3	(2.4) %
Health Care Costs						
Commercial	\$ 3,917.9	\$ 4,124.1	(5.0) %	\$ 7,777.3	\$ 8,293.5	(6.2) %
Medicare	1,149.2	1,302.9	(11.8) %	2,347.5	2,624.9	(10.6) %
Medicaid	299.7	231.6	29.4 %	590.0	431.2	36.8 %
Health Care	\$ 5,366.8	\$ 5,658.6	(5.2) %	\$ 10,714.8	\$ 11,349.6	(5.6) %
Medical Benefit Ratios ("MBR")						
Commercial	77.9 %	80.1 %	(2.2) pts.	77.4 %	80.6 %	(3.2) pts.
Medicare	84.6 %	86.4 %	(1.8) pts.	84.8 %	86.7 %	(1.9) pts.
Medicaid	87.2 %	89.2 %	(2.0) pts.	87.8 %	87.6 %	.2 pts.
Health Care	79.7 %	81.8 %	(2.1) pts.	79.5 %	82.2 %	(2.7) pts.
Group Insurance						
Benefit ratio	87.5 %	87.4 %	.1 pts.	88.6 %	89.9 %	(1.3) pts.
Days Claims Payable						
	June 30,	March 31,	December 31,	September 30,	June 30,	
	2011	2011	2010	2010	2010	
Days Claims Payable	43.6	44.9	42.3	43.2	43.2	

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

Health Care Membership

(Thousands)	June 30, 2011			March 31, 2011			December 31, 2010			June 30, 2010		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
<u>Products</u>												
Medical:												
Commercial	4,784	11,810	16,594	4,822	11,353	16,175	5,015	11,809	16,824	5,133	11,887	17,020
Medicare	405	-	405	407	-	407	445	-	445	451	-	451
Medicaid	403	839	1,242	388	824	1,212	381	818	1,199	343	788	1,131
Total Medical	5,592	12,649	18,241	5,617	12,177	17,794	5,841	12,627	18,468	5,927	12,675	18,602
Consumer-Directed Health Plans ⁽³⁾			<u>2,405</u>			<u>2,412</u>			<u>2,184</u>			<u>2,221</u>
Dental:												
Commercial	4,744	7,437	12,181	4,798	7,083	11,881	4,944	7,193	12,137	5,016	7,293	12,309
Medicare & Medicaid	167	468	635	163	463	626	177	462	639	155	450	605
Network Access ⁽⁴⁾	-	970	970	-	982	982	-	971	971	-	998	998
Total Dental	4,911	8,875	13,786	4,961	8,528	13,489	5,121	8,626	13,747	5,171	8,741	13,912
Pharmacy Benefit Management Services:												
Commercial			8,131			7,901			8,555			8,796
Medicare PDP (stand-alone)			432			447			608			637
Medicare Advantage PDP			188			190			227			234
Medicaid			27			27			27			30
Total Pharmacy Benefit Management Services			8,778			8,565			9,417			9,697
<u>Regions</u>												
Northeast	1,821	2,637	4,458	1,813	2,636	4,449	1,839	2,709	4,548	1,866	2,718	4,584
Southeast	1,076	2,821	3,897	1,090	2,832	3,922	1,125	2,902	4,027	1,147	2,906	4,053
Mid-America	1,238	4,244	5,482	1,241	4,286	5,527	1,306	4,522	5,828	1,329	4,561	5,890
West	1,189	2,264	3,453	1,212	2,269	3,481	1,286	2,356	3,642	1,300	2,354	3,654
Other	268	683	951	261	154	415	285	138	423	285	136	421
Total Medical	5,592	12,649	18,241	5,617	12,177	17,794	5,841	12,627	18,468	5,927	12,675	18,602
Percent of Total	30.7%	69.3%	100.0%	31.6%	68.4%	100.0%	31.6%	68.4%	100.0%	31.9%	68.1%	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 June 30, 2011						
Revenue:						
Premiums	\$ 6,733.4	\$ 406.4	\$ 45.4	\$ 7,185.2	\$ -	\$ 7,185.2
Fees and other revenue	869.2	24.8	2.5	896.5	-	896.5
Net investment income	88.8	68.3	84.2	241.3	-	241.3
Total revenue, excluding net realized capital gains ⁽¹⁾	7,691.4	499.5	132.1	8,323.0	-	8,323.0
Benefits and expenses:						
Health care costs	5,366.8	-	-	5,366.8	-	5,366.8
Current and future benefits	-	355.6	122.1	477.7	-	477.7
Operating expenses:						
Selling expenses	250.9	16.3	-	267.2	-	267.2
General and administrative expenses	1,253.8	65.9	3.6	1,323.3	1.2	1,324.5
Total operating expenses	1,504.7	82.2	3.6	1,590.5	1.2	1,591.7
Interest expense	-	-	-	-	61.5	61.5
Amortization of other acquired intangible assets	24.5	1.1	-	25.6	-	25.6
Total benefits and expenses	6,896.0	438.9	125.7	7,460.6	62.7	7,523.3
Operating earnings (loss) before income taxes (benefits)	795.4	60.6	6.4	862.4	(62.7)	799.7
Income taxes (benefits)	282.5	16.2	.2	298.9	(22.0)	276.9
Operating earnings (loss) ⁽¹⁾	512.9	44.4	6.2	563.5	(40.7)	522.8
Net realized capital gains, net of tax	9.7	2.9	1.3	13.9	-	13.9
Net income (loss)	\$ 522.6	\$ 47.3	\$ 7.5	\$ 577.4	\$ (40.7)	\$ 536.7
Three Months Ended June 30, 2010						
Revenue:						
Premiums	\$ 6,915.2	\$ 424.3	\$ 36.2	\$ 7,375.7	\$ -	\$ 7,375.7
Fees and other revenue	844.2	26.1	2.7	873.0	-	873.0
Net investment income	104.9	66.6	82.2	253.7	-	253.7
Total revenue, excluding net realized capital gains ⁽¹⁾	7,864.3	517.0	121.1	8,502.4	-	8,502.4
Benefits and expenses:						
Health care costs	5,658.6	-	-	5,658.6	-	5,658.6
Current and future benefits	-	370.8	109.9	480.7	-	480.7
Operating expenses:						
Selling expenses	282.8	19.7	-	302.5	-	302.5
General and administrative expenses, excluding an other item ⁽¹⁾⁽⁵⁾	1,164.1	64.5	3.6	1,232.2	43.4	1,275.6
Total operating expenses	1,446.9	84.2	3.6	1,534.7	43.4	1,578.1
Interest expense	-	-	-	-	60.7	60.7
Amortization of other acquired intangible assets	22.5	1.7	-	24.2	-	24.2
Total benefits and expenses	7,128.0	456.7	113.5	7,698.2	104.1	7,802.3
Operating earnings (loss) before income taxes (benefits)	736.3	60.3	7.6	804.2	(104.1)	700.1
Income taxes (benefits)	268.9	15.9	1.5	286.3	(36.4)	249.9
Operating earnings (loss) ⁽¹⁾	467.4	44.4	6.1	517.9	(67.7)	450.2
Litigation-related insurance proceeds, net of tax ⁽⁵⁾	13.0	-	-	13.0	-	13.0
Net realized capital gains, net of tax	14.2	6.1	7.5	27.8	-	27.8
Net income (loss)	\$ 494.6	\$ 50.5	\$ 13.6	\$ 558.7	\$ (67.7)	\$ 491.0

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
Six Months Ended June 30, 2011						
Revenue:						
Premiums	\$ 13,484.0	\$ 809.9	\$ 87.2	\$ 14,381.1	\$ -	\$ 14,381.1
Fees and other revenue	1,739.2	51.6	5.3	1,796.1	-	1,796.1
Net investment income	177.9	142.4	173.6	493.9	-	493.9
Total revenue, excluding net realized capital gains ⁽¹⁾	15,401.1	1,003.9	266.1	16,671.1	-	16,671.1
Benefits and expenses:						
Health care costs	10,714.8	-	-	10,714.8	-	10,714.8
Current and future benefits	-	717.4	245.8	963.2	-	963.2
Operating expenses:						
Selling expenses	522.4	35.5	-	557.9	-	557.9
General and administrative expenses	2,458.3	129.3	7.3	2,594.9	2.4	2,597.3
Total operating expenses	2,980.7	164.8	7.3	3,152.8	2.4	3,155.2
Interest expense	-	-	-	-	127.6	127.6
Amortization of other acquired intangible assets	49.1	2.8	-	51.9	-	51.9
Total benefits and expenses	13,744.6	885.0	253.1	14,882.7	130.0	15,012.7
Operating earnings (loss) before income taxes (benefits)	1,656.5	118.9	13.0	1,788.4	(130.0)	1,658.4
Income taxes (benefits)	588.3	31.6	1.0	620.9	(45.5)	575.4
Operating earnings (loss) ⁽¹⁾	1,068.2	87.3	12.0	1,167.5	(84.5)	1,083.0
Net realized capital gains, net of tax	31.6	7.1	1.0	39.7	-	39.7
Net income (loss)	\$ 1,099.8	\$ 94.4	\$ 13.0	\$ 1,207.2	\$ (84.5)	\$ 1,122.7
Six Months Ended June 30, 2010						
Revenue:						
Premiums	\$ 13,810.3	\$ 856.4	\$ 78.8	\$ 14,745.5	\$ -	\$ 14,745.5
Fees and other revenue	1,714.5	52.9	5.4	1,772.8	-	1,772.8
Net investment income	212.7	137.6	178.6	528.9	-	528.9
Total revenue, excluding net realized capital gains ⁽¹⁾	15,737.5	1,046.9	262.8	17,047.2	-	17,047.2
Benefits and expenses:						
Health care costs	11,349.6	-	-	11,349.6	-	11,349.6
Current and future benefits	-	770.3	237.4	1,007.7	-	1,007.7
Operating expenses:						
Selling expenses	581.0	43.0	-	624.0	-	624.0
General and administrative expenses, excluding an other item ⁽¹⁾⁽⁵⁾	2,317.5	131.7	5.4	2,454.6	86.7	2,541.3
Total operating expenses	2,898.5	174.7	5.4	3,078.6	86.7	3,165.3
Interest expense	-	-	-	-	121.6	121.6
Amortization of other acquired intangible assets	45.2	3.4	-	48.6	-	48.6
Total benefits and expenses	14,293.3	948.4	242.8	15,484.5	208.3	15,692.8
Operating earnings (loss) before income taxes (benefits)	1,444.2	98.5	20.0	1,562.7	(208.3)	1,354.4
Income taxes (benefits)	516.7	25.6	4.2	546.5	(72.9)	473.6
Operating earnings (loss) ⁽¹⁾	927.5	72.9	15.8	1,016.2	(135.4)	880.8
Litigation-related insurance proceeds, net of tax ⁽⁵⁾	58.5	-	-	58.5	-	58.5
Net realized capital gains, net of tax	70.5	31.0	12.8	114.3	-	114.3
Net income (loss)	\$ 1,056.5	\$ 103.9	\$ 28.6	\$ 1,189.0	\$ (135.4)	\$ 1,053.6

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

Balance Sheets

(Millions)	June 30, 2011			December 31, 2010		
	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	\$ 809.8	\$ 100.7	\$ 910.5	\$ 1,762.4	\$ 105.2	\$ 1,867.6
Investments	1,663.3	414.0	2,077.3	1,713.7	456.0	2,169.7
Premiums receivable, net	918.2	-	918.2	661.9	-	661.9
Other receivables, net	769.9	41.9	811.8	652.9	39.7	692.6
Accrued investment income	142.4	62.2	204.6	140.6	62.8	203.4
Collateral received under securities loan agreements	22.0	16.1	38.1	160.9	49.7	210.6
Income taxes receivable	67.9	11.4	79.3	214.1	(4.0)	210.1
Deferred income taxes	292.2	57.2	349.4	265.3	61.7	327.0
Other current assets	684.7	1.8	686.5	647.2	4.1	651.3
Total current assets	5,370.4	705.3	6,075.7	6,219.0	775.2	6,994.2
Long-term investments	12,332.6	5,636.3	17,968.9	11,885.9	5,660.4	17,546.3
Reinsurance recoverables	933.6	9.6	943.2	950.1	10.0	960.1
Goodwill	5,983.0	-	5,983.0	5,146.4	-	5,146.4
Other acquired intangible assets, net	802.3	-	802.3	495.5	-	495.5
Property and equipment, net	517.1	18.3	535.4	509.6	19.7	529.3
Deferred income taxes	-	-	-	(28.1)	58.0	29.9
Other long-term assets	724.3	-	724.3	742.4	-	742.4
Separate Accounts assets	-	5,185.4	5,185.4	-	5,295.3	5,295.3
Total assets	\$ 26,663.3	\$ 11,554.9	\$ 38,218.2	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4
Liabilities and shareholders' equity						
Current liabilities:						
Health care costs payable	\$ 2,570.7	\$ -	\$ 2,570.7	\$ 2,630.9	\$ -	\$ 2,630.9
Future policy benefits	143.6	568.4	712.0	146.0	582.4	728.4
Unpaid claims	582.2	.7	582.9	592.7	.6	593.3
Unearned premiums	362.1	6.1	368.2	314.3	4.4	318.7
Policyholders' funds	1,015.5	57.2	1,072.7	867.1	51.0	918.1
Collateral payable under securities loan agreements	22.0	16.1	38.1	161.0	49.8	210.8
Short-term debt	549.9	-	549.9	-	-	-
Current portion of long-term debt	-	-	-	899.9	-	899.9
Accrued expenses and other current liabilities	2,332.7	96.2	2,428.9	2,328.0	108.8	2,436.8
Total current liabilities	7,578.7	744.7	8,323.4	7,939.9	797.0	8,736.9
Future policy benefits	1,671.7	4,488.8	6,160.5	1,710.7	4,565.7	6,276.4
Unpaid claims	1,508.7	-	1,508.7	1,514.3	-	1,514.3
Policyholders' funds	579.9	733.1	1,313.0	589.1	727.5	1,316.6
Long-term debt, less current portion	3,976.5	-	3,976.5	3,482.6	-	3,482.6
Deferred income taxes	211.2	(55.9)	155.3	-	-	-
Other long-term liabilities	1,011.2	160.7	1,171.9	1,075.4	151.1	1,226.5
Separate Accounts liabilities	-	5,185.4	5,185.4	-	5,295.3	5,295.3
Total liabilities	16,537.9	11,256.8	27,794.7	16,312.0	11,536.6	27,848.6
Shareholders' equity	10,125.4	298.1	10,423.5	9,608.8	282.0	9,890.8
Total liabilities and shareholders' equity	\$ 26,663.3	\$ 11,554.9	\$ 38,218.2	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4

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

Condensed Statements of Cash Flows

(Millions)	Three Months Ended					
	June 30, 2011			June 30, 2010		
	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	\$ 529.2	\$ 7.5	\$ 536.7	\$ 477.4	\$ 13.6	\$ 491.0
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital gains	(19.4)	(2.0)	(21.4)	(31.9)	(11.5)	(43.4)
Depreciation and amortization	108.3	-	108.3	104.0	-	104.0
Equity in earnings of affiliates, net	1.9	(7.5)	(5.6)	6.2	(4.5)	1.7
Stock-based compensation expense	37.9	-	37.9	29.7	-	29.7
Amortization (accretion) of net investment premium (discount)	.7	(1.8)	(1.1)	(.7)	(2.1)	(2.8)
Changes in assets and liabilities:						
Accrued investment income	(4.3)	2.3	(2.0)	.7	2.8	3.5
Premiums due and other receivables	(27.5)	.7	(26.8)	(126.9)	.7	(126.2)
Income taxes	(112.9)	(15.9)	(128.8)	(175.7)	(3.0)	(178.7)
Other assets and other liabilities	27.5	2.8	30.3	90.8	2.5	93.3
Health care and insurance liabilities	(161.7)	(55.9)	(217.6)	(383.7)	(69.9)	(453.6)
Other, net	14.2	.2	14.4	(1.2)	.2	(1.0)
Net cash provided by (used for) operating activities	393.9	(69.6)	324.3	(11.3)	(71.2)	(82.5)
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	1,788.6	553.3	2,341.9	2,382.8	630.1	3,012.9
Cost of investments purchased	(2,078.4)	(511.9)	(2,590.3)	(2,146.4)	(523.5)	(2,669.9)
Additions to property, equipment and software	(74.6)	-	(74.6)	(70.0)	-	(70.0)
Cash used for acquisition, net of cash acquired	(604.5)	-	(604.5)	-	-	-
Net cash (used for) provided by investing activities	(968.9)	41.4	(927.5)	166.4	106.6	273.0
Cash flows from financing activities:						
Net repayment of long-term debt	(450.0)	-	(450.0)	-	-	-
Net issuance of long-term debt	480.1	-	480.1	-	-	-
Net issuance (repayment) of short-term debt	464.8	-	464.8	(29.5)	-	(29.5)
Deposits and interest credited for investment contracts	-	1.4	1.4	-	1.5	1.5
Withdrawals of investment contracts	-	(3.2)	(3.2)	-	(2.1)	(2.1)
Common shares issued under benefit plans	82.0	-	82.0	5.7	-	5.7
Stock-based compensation tax benefits	7.2	-	7.2	4.1	-	4.1
Common shares repurchased	(456.0)	-	(456.0)	(304.5)	-	(304.5)
Dividends paid to shareholders	(57.0)	-	(57.0)	-	-	-
Collateral on interest rate swaps	-	-	-	(30.1)	-	(30.1)
Other, net	(.8)	.8	-	(1.1)	1.1	-
Net cash provided by (used for) financing activities	70.3	(1.0)	69.3	(355.4)	.5	(354.9)
Net (decrease) increase in cash and cash equivalents	(504.7)	(29.2)	(533.9)	(200.3)	35.9	(164.4)
Cash and cash equivalents, beginning of period	1,314.5	129.9	1,444.4	1,441.2	129.2	1,570.4
Cash and cash equivalents, end of period	\$ 809.8	\$ 100.7	\$ 910.5	\$ 1,240.9	\$ 165.1	\$ 1,406.0

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

Condensed Statements of Cash Flows

(Millions)	Six Months Ended					
	June 30, 2011			June 30, 2010		
	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	\$ 1,109.7	\$ 13.0	\$ 1,122.7	\$ 1,025.0	\$ 28.6	\$ 1,053.6
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital gains	(59.6)	(1.5)	(61.1)	(103.5)	(16.6)	(120.1)
Depreciation and amortization	214.9	-	214.9	206.3	-	206.3
Equity in earnings of affiliates, net	(4.2)	(20.3)	(24.5)	9.0	(18.7)	(9.7)
Stock-based compensation expense	74.7	-	74.7	57.3	-	57.3
Amortization (accretion) of net investment premium (discount)	1.1	(3.7)	(2.6)	(8.8)	(5.6)	(14.4)
Changes in assets and liabilities:						
Accrued investment income	(1.8)	.6	(1.2)	(2.5)	(.8)	(3.3)
Premiums due and other receivables	(313.9)	.9	(313.0)	(220.3)	.8	(219.5)
Income taxes	184.0	(15.3)	168.7	44.9	12.0	56.9
Other assets and other liabilities	(178.1)	(10.9)	(189.0)	43.9	(16.7)	27.2
Health care and insurance liabilities	(1.6)	(101.8)	(103.4)	(161.6)	(117.3)	(278.9)
Other, net	10.7	(.4)	10.3	.1	(.7)	(.6)
Net cash provided by (used for) operating activities	1,035.9	(139.4)	896.5	889.8	(135.0)	754.8
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	3,729.3	1,217.8	4,947.1	4,369.8	1,105.3	5,475.1
Cost of investments purchased	(3,964.3)	(1,082.2)	(5,046.5)	(4,423.1)	(933.2)	(5,356.3)
Additions to property, equipment and software	(137.1)	-	(137.1)	(144.5)	-	(144.5)
Cash used for acquisitions, net of cash acquired	(1,098.2)	-	(1,098.2)	(.1)	-	(.1)
Net cash (used for) provided by investing activities	(1,470.3)	135.6	(1,334.7)	(197.9)	172.1	(25.8)
Cash flows from financing activities:						
Net repayment of long-term debt	(900.0)	-	(900.0)	-	-	-
Net issuance of long-term debt	480.1	-	480.1	-	-	-
Net issuance (repayment) of short-term debt	549.8	-	549.8	(30.8)	-	(30.8)
Deposits and interest credited for investment contracts	-	2.6	2.6	-	3.1	3.1
Withdrawals of investment contracts	-	(5.3)	(5.3)	-	(5.8)	(5.8)
Common shares issued under benefit plans	96.6	-	96.6	9.3	-	9.3
Stock-based compensation tax benefits	15.3	-	15.3	3.1	-	3.1
Common shares repurchased	(701.0)	-	(701.0)	(466.5)	-	(466.5)
Dividends paid to shareholders	(57.0)	-	(57.0)	-	-	-
Intersegment dividend	-	-	-	43.8	(43.8)	-
Collateral on interest rate swaps	-	-	-	(39.0)	-	(39.0)
Other, net	(2.0)	2.0	-	(1.2)	1.2	-
Net cash (used for) provided by financing activities	(518.2)	(.7)	(518.9)	(481.3)	(45.3)	(526.6)
Net (decrease) increase in cash and cash equivalents	(952.6)	(4.5)	(957.1)	210.6	(8.2)	202.4
Cash and cash equivalents, beginning of period	1,762.4	105.2	1,867.6	1,030.3	173.3	1,203.6
Cash and cash equivalents, end of period	\$ 809.8	\$ 100.7	\$ 910.5	\$ 1,240.9	\$ 165.1	\$ 1,406.0

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

Investment Portfolio
At June 30, 2011

(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	\$ 1,193.7	\$ 42.5	\$ 1,236.2	7.9%	\$ 192.2	3.6%	\$ 1,428.4	6.8%
States, municipalities and political subdivisions	2,366.1	10.6	2,376.7	15.3%	176.7	3.3%	2,553.4	12.2%
U.S. corporate securities	4,568.6	249.3	4,817.9	31.0%	2,148.7	39.8%	6,966.6	33.2%
Foreign securities	2,017.8	114.0	2,131.8	13.7%	886.7	16.4%	3,018.5	14.5%
Residential mortgage-backed securities	931.7	110.0	1,041.7	6.7%	59.6	1.1%	1,101.3	5.3%
Commercial mortgage-backed securities	969.0	110.8	1,079.8	6.9%	334.2	6.2%	1,414.0	6.7%
Other asset-backed securities	312.1	42.8	354.9	2.3%	87.2	1.6%	442.1	2.1%
Redeemable preferred securities	86.4	11.5	97.9	.6%	93.9	1.8%	191.8	.9%
Total debt securities	12,445.4	691.5	13,136.9	84.4%	3,979.2	73.8%	17,116.1	81.7%
Equity securities	5.9	-	5.9	-	28.3	.5%	34.2	.2%
Total debt and equity securities	12,451.3	691.5	13,142.8	84.4%	4,007.5	74.3%	17,150.3	81.9%
Mortgage loans	889.7	11.2	900.9	5.8%	675.4	12.5%	1,576.3	7.5%
Other investments:								
Real estate	141.1	.4	141.5	.9%	60.8	1.1%	202.3	1.0%
Hedge funds	223.9	-	223.9	1.5%	340.9	6.3%	564.8	2.7%
Private equity	105.3	4.3	109.6	.7%	256.5	4.8%	366.1	1.7%
Other	184.6	1.8	186.4	1.2%	-	-	186.4	.9%
Total other investments	654.9	6.5	661.4	4.3%	658.2	12.2%	1,319.6	6.3%
Total investments	13,995.9	709.2	14,705.1	94.5%	5,341.1	99.0%	20,046.2	95.7%
Cash and cash equivalents	809.8	46.3	856.1	5.5%	54.4	1.0%	910.5	4.3%
Total investments, cash and cash equivalents	\$ 14,805.7	\$ 755.5	\$ 15,561.2		\$ 5,395.5		\$ 20,956.7	
Average credit quality	A+	A	A+		A		A	
Average duration (years) ⁽⁶⁾	4.7	4.5	4.7		6.6		5.2	

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

Roll Forward of Health Care Costs Payable

(Millions)	Six Months Ended		Year Ended December 31,		
	June 30,		2010	2009	2008
Health care costs payable at beginning of period	\$ 2,630.9	\$	2,895.3	\$ 2,393.2	\$ 2,177.4
Less: reinsurance recoverables	1.7		1.9	2.0	2.9
Health care costs payable at beginning of period, net	2,629.2		2,893.4	2,391.2	2,174.5
Acquisition of businesses	-		-	1.1	-
Incurred health care costs:					
Current year	11,098.4		23,045.6	24,127.2	20,948.5
Prior years *	(383.6)		(326.0)	(66.0)	(163.0)
Total incurred health care costs	10,714.8		22,719.6	24,061.2	20,785.5
Paid health care costs:					
Current year	8,804.6		20,588.5	21,401.1	18,726.4
Prior years	1,970.3		2,395.3	2,159.0	1,842.4
Total paid health care costs	10,774.9		22,983.8	23,560.1	20,568.8
Health care costs payable at end of period, net	2,569.1		2,629.2	2,893.4	2,391.2
Plus: reinsurance recoverables	1.6		1.7	1.9	2.0
Health care costs payable at end of period	\$ 2,570.7	\$	2,630.9	\$ 2,895.3	\$ 2,393.2
Health care costs payable:					
Incurred but not reported claims	\$ 2,303.2	\$	2,355.3	\$ 2,556.8	\$ 2,059.9
Other claims	267.5		275.6	338.5	333.3
Total health care costs payable	\$ 2,570.7	\$	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

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
(Millions, except per common share data)				
Summary of Results				
Operating earnings, excluding prior-period development ⁽⁷⁾	\$ 401.5	\$ 322.6	\$ 956.2	\$ 784.2
Favorable development of prior-period health care cost estimates, net of tax	121.3	127.6	126.8	96.6
Operating earnings	522.8	450.2	1,083.0	880.8
Litigation-related insurance proceeds, net of tax ⁽⁵⁾	-	13.0	-	58.5
Net realized capital gains, net of tax	13.9	27.8	39.7	114.3
Net income (GAAP measure)	\$ 536.7	\$ 491.0	\$ 1,122.7	\$ 1,053.6
Weighted average common shares - diluted	387.3	430.2	389.2	434.9
Summary of Results Per Common Share				
Operating earnings, excluding prior-period development ⁽⁷⁾	\$ 1.04	\$.75	\$ 2.46	\$ 1.81
Favorable development of prior-period health care cost estimates, net of tax	.31	.30	.32	.22
Operating earnings	1.35	1.05	2.78	2.03
Litigation-related insurance proceeds, net of tax ⁽⁵⁾	-	.03	-	.13
Net realized capital gains, net of tax	.04	.06	.10	.26
Net income (GAAP measure)	\$ 1.39	\$ 1.14	\$ 2.88	\$ 2.42
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) \$ 1,035.9	\$ 889.8
Operating earnings: Health Care, Group Insurance and Corporate Financing			(B) \$ 1,071.0	\$ 865.0
Litigation-related insurance proceeds, net of tax ⁽⁵⁾			-	58.5
Net realized capital gains, net of tax			38.7	101.5
Net income: Health Care, Group Insurance and Corporate Financing			(C) \$ 1,109.7	\$ 1,025.0
Operating cash flow as a percentage of operating earnings			(A)/(B)	96.7%
Operating cash flow as a percentage of net income			(A)/(C)	93.3%
				86.8%

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		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Health Care				
Reconciliation of Revenue				
Revenue, excluding net realized capital gains	\$ 7,691.4	\$ 7,864.3	\$ 15,401.1	\$ 15,737.5
Net realized capital gains	15.0	22.4	48.7	67.8
Total revenue (GAAP measure)	\$ 7,706.4	\$ 7,886.7	\$ 15,449.8	\$ 15,805.3
Commercial Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽⁷⁾				
Premiums	(A) \$ 5,031.4	\$ 5,148.4	\$ 10,045.0	\$ 10,291.8
Health care costs (GAAP measure)	(B) \$ 3,917.9	\$ 4,124.1	\$ 7,777.3	\$ 8,293.5
Favorable development of prior-period health care cost estimates		167.5	166.3	91.6
Health care costs, excluding prior-period development ⁽⁷⁾	(C) \$ 4,085.4	\$ 4,284.5	\$ 7,943.6	\$ 8,385.1
Commercial MBR (GAAP measure)	(B)/(A)	77.9%	80.1%	77.4%
Commercial MBR, excluding prior-period reserve development ⁽⁷⁾	(C)/(A)	81.2%	83.2%	79.1%
Medicare Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽⁷⁾				
Premiums	(D) \$ 1,358.3	\$ 1,507.2	\$ 2,767.1	\$ 3,026.5
Health care costs (GAAP measure)	(E) \$ 1,149.2	\$ 1,302.9	\$ 2,347.5	\$ 2,624.9
Favorable development of prior-period health care cost estimates		17.6	33.4	
Health care costs, excluding prior-period development ⁽⁷⁾	(F) \$ 1,166.8	\$ 1,336.3		
Medicare MBR (GAAP measure)	(E)/(D)	84.6%	86.4%	84.8%
Medicare MBR, excluding prior-period reserve development ⁽⁷⁾	(F)/(D)	85.9%	88.7%	86.7%
Medicaid Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽⁷⁾				
Premiums	(G) \$ 343.7	\$ 259.6	\$ 671.9	\$ 492.0
Health care costs (GAAP measure)	(H) \$ 299.7	\$ 231.6	\$ 590.0	\$ 431.2
Favorable development of prior-period health care cost estimates		3.0	4.8	
Health care costs, excluding prior-period development ⁽⁷⁾	(I) \$ 302.7	\$ 236.4		
Medicaid MBR (GAAP measure)	(H)/(G)	87.2%	89.2%	87.8%
Medicaid MBR, excluding prior-period reserve development ⁽⁷⁾	(I)/(G)	88.1%	91.1%	87.6%

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		Six Months Ended		
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010	
Group Insurance					
Reconciliation of Revenue					
Revenue, excluding net realized capital gains	\$ 499.5	\$ 517.0	\$ 1,003.9	\$ 1,046.9	
Net realized capital gains	4.4	9.5	10.9	35.7	
Total revenue (GAAP measure)	\$ 503.9	\$ 526.5	\$ 1,014.8	\$ 1,082.6	
Large Case Pensions					
Reconciliation of Revenue					
Revenue, excluding net realized capital gains	\$ 132.1	\$ 121.1	\$ 266.1	\$ 262.8	
Net realized capital gains	2.0	11.5	1.5	16.6	
Total revenue (GAAP measure)	\$ 134.1	\$ 132.6	\$ 267.6	\$ 279.4	
Total Company					
Reconciliation of Revenue					
Revenue, excluding net realized capital gains	(A) \$ 8,323.0	\$ 8,502.4	\$ 16,671.1	\$ 17,047.2	
Net realized capital gains	21.4	43.4	61.1	120.1	
Total revenue (GAAP measure)	(B) \$ 8,344.4	\$ 8,545.8	\$ 16,732.2	\$ 17,167.3	
Reconciliation of Operating Expenses					
Business segment operating expenses	(C) \$ 1,590.5	\$ 1,534.7	\$ 3,152.8	\$ 3,078.6	
Corporate Financing segment operating expenses	1.2	43.4	2.4	86.7	
Operating expenses, including Corporate Financing	(D) 1,591.7	1,578.1	3,155.2	3,165.3	
Litigation-related insurance proceeds ⁽⁵⁾	-	(20.0)	-	(90.0)	
Total operating expenses (GAAP measure)	(E) \$ 1,591.7	\$ 1,558.1	\$ 3,155.2	\$ 3,075.3	
Operating Expense Ratios:					
Business segment operating expense ratio ⁽¹⁾	(C)/(A)	19.1 %	18.1 %	18.9 %	18.1 %
Operating expense ratio ⁽¹⁾	(D)/(A)	19.1 %	18.6 %	18.9 %	18.6 %
Total operating expense ratio (GAAP measure)	(E)/(B)	19.1 %	18.2 %	18.9 %	17.9 %

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		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Reconciliation to Income Before Income Taxes				
Operating earnings excluding prior-period reserve development ⁽⁷⁾ before income taxes,				
excluding interest expense, and amortization of other acquired intangible assets	(A)	\$ 698.7	\$ 586.4	\$ 1,641.3
Favorable development of prior-period health care cost estimates		188.1	198.6	196.6
Operating earnings before income taxes, excluding interest expense and amortization				
of other acquired intangible assets	(B)	886.8	785.0	1,837.9
Interest expense		(61.5)	(60.7)	(127.6)
Amortization of other acquired intangible assets		(25.6)	(24.2)	(51.9)
Litigation-related insurance proceeds ⁽⁵⁾		-	20.0	-
Net realized capital gains		21.4	43.4	61.1
Income before income taxes (GAAP measure)		\$ 821.1	\$ 763.5	\$ 1,719.5
				\$ 1,564.5
Reconciliation to Net Income				
Operating earnings excluding prior-period reserve development ⁽⁷⁾ , excluding interest expense,				
and amortization of other acquired intangible assets, net of tax		\$ 458.0	\$ 377.7	\$ 1,072.8
Favorable development of prior-period health care cost estimates, net of tax		121.3	127.6	126.8
Operating earnings, excluding interest expense and amortization				
of other acquired intangible assets		579.3	505.3	1,199.6
Interest expense, net of tax		(39.9)	(39.4)	(82.9)
Amortization of other acquired intangible assets, net of tax		(16.6)	(15.7)	(33.7)
Litigation-related insurance proceeds, net of tax ⁽⁵⁾		-	13.0	-
Net realized capital gains, net of tax		13.9	27.8	39.7
Net income (GAAP measure)	(C)	\$ 536.7	\$ 491.0	\$ 1,122.7
				\$ 1,053.6
Reconciliation of Revenue				
Revenue, excluding net realized capital gains	(D)	\$ 8,323.0	\$ 8,502.4	\$ 16,671.1
Net realized capital gains		21.4	43.4	61.1
Total revenue (GAAP measure)	(E)	\$ 8,344.4	\$ 8,545.8	\$ 16,732.2
				\$ 17,167.3
Operating Margin				
Pretax operating margin, excluding prior-period development ⁽⁷⁾	(A)/(D)	8.4 %	6.9 %	9.8 %
Pretax operating margin ⁽¹⁾	(B)/(D)	10.7 %	9.2 %	11.0 %
After-tax net income margin (GAAP measure)	(C)/(E)	6.4 %	5.7 %	6.7 %

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, from period to period, 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 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 to 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 our pension 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 and six months ended June 30, 2011 and 2010.

(Millions)	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
<u>Pretax - Pension Expense</u>				
Operating component (allocated to business segments)	\$ (0.9)	\$ 13.9	\$ (1.9)	\$ 27.9
Financing component (allocated to Corporate Financing segment)	1.2	43.4	2.4	86.7
Total pension expense - pretax	\$ 0.3	\$ 57.3	\$ 0.5	\$ 114.6
<u>After tax - Pension Expense</u>				
Operating component (allocated to business segments)	\$ (0.6)	\$ 9.0	\$ (1.3)	\$ 18.1
Financing component (allocated to Corporate Financing segment)	.8	28.3	1.6	56.4
Total pension expense - after tax	\$ 0.2	\$ 37.3	\$ 0.3	\$ 74.5

- ⁽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⁾ Following a Pennsylvania Supreme Court ruling in June 2009, we recorded litigation-related insurance proceeds of \$13.0 million (\$20.0 million pretax) and \$58.5 million (\$90.0 million pretax) for the three and six months ended June 30, 2010, respectively, from our liability insurers related to certain litigation we settled in 2003.
- ⁽⁶⁾ Represents the average duration of our debt securities, mortgage loans and cash and cash equivalents at June 30, 2011, excluding equity and equity-like investments that have no duration.
- ⁽⁷⁾ Operating earnings, excluding prior-period development; operating earnings per share, excluding prior-period development; health care costs, excluding prior-period development; medical benefit ratios, excluding prior-period development; and pretax operating margin, excluding prior-period development; each exclude the items noted in (1) above, if applicable, and any significant development of prior-period health care cost estimates.

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 and amortization of other acquired intangible asset by revenue, excluding net realized capital gains and 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 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.