



BARCLAYS CAPITAL 2012 GLOBAL HEALTHCARE CONFERENCE

Joseph M. Zubretsky
Senior Executive Vice President & CFO

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Cautionary Statement; Additional Information

Certain information in this presentation is forward-looking, including our projections as to operating earnings per share, operating earnings, medical membership, medical cost trends (including commercial medical cost trend), commercial medical benefit ratio and its components, SG&A ratio, subsidiary dividends, cash flow generation, pretax operating margin, weighted average diluted shares, and the impact of ACO's, operating and financial metrics and the impact of our acquisitions and our other financial and non-financial projections, and our estimates and views regarding our business and the environment in which we operate our business. Forward-looking information is based on management's estimates, assumptions and projections, and is subject to significant uncertainties and other factors, many of which are beyond Aetna's control. Important risk factors could cause actual future results and other future events to differ materially from those currently estimated by management, particularly the implementation of health care reform legislation and changes in Aetna's future cash requirements, capital requirements, results of operations, financial condition and/or cash flows. Health care reform will significantly impact our business operations and financial results, including our medical benefit ratios. Components of the legislation will be phased in over the next six years, and we will be required to dedicate material resources and incur material expenses during that time to implement health care reform. Many significant parts of the legislation, including health insurance exchanges, premium rate review, the scope of "essential health benefits," employer penalties and the implementation of minimum medical loss ratios, require further guidance and clarification at the federal level and/or in the form of regulations and actions by state legislatures to implement the law. As a result, many of the impacts of health care reform will not be known for the next several years. Other important risk factors include adverse and less predictable economic conditions in the U.S. and abroad (including unanticipated levels of, or increases in the rate of, unemployment); adverse changes in health care reform and/or other federal or state government policies or regulations as a result of health care reform or otherwise (including legislative, judicial or regulatory measures that would affect our business model, restrict funding for or amend various aspects of health care reform, limit our ability to price for the risk we assume and/or reflect reasonable costs or profits in our pricing, such as mandated minimum medical benefit ratios, eliminate or reduce ERISA pre-emption of state laws (increasing our potential litigation exposure) or mandate coverage of certain health benefits); our ability to differentiate our products and solutions from those offered by our competitors, and demonstrate that our products lead to access to better quality of care by our members; unanticipated increases in medical costs (including increased intensity or medical utilization as a result of flu, increased COBRA participation rates or otherwise; changes in membership mix to higher cost or lower-premium products or membership-adverse selection; changes in medical cost estimates due to the necessary extensive judgment that is used in the medical cost estimation process, the considerable variability inherent in such estimates, and the sensitivity of such estimates to changes in medical claims payment patterns and changes in medical cost trends; increases resulting from unfavorable changes in contracting or re-contracting with providers, and increased pharmacy costs); failure to achieve and/or delays in achieving desired rate increases and/or profitable membership growth due to regulatory review or other regulatory restrictions, the difficult economy and/or significant competition, especially in key geographic areas where membership is concentrated; adverse changes in size, product mix or medical cost experience of membership; our ability to diversify our sources of revenue and earnings; adverse program, pricing or funding actions by federal or state government payors; the ability to reduce administrative expenses while maintaining targeted levels of service and operating performance; the ability to successfully implement our agreement with CVS Caremark Corporation on a timely basis and in a cost-efficient manner and to achieve projected operating efficiencies for the agreement; our ability to integrate, simplify, and enhance our existing information technology systems and platforms to keep pace with changing customer and regulatory needs; the success of our health information technology initiatives; the ability to successfully integrate our businesses (including Medicity, Prodigy Health Group, PayFlex, and Genworth Financial Inc.'s Medicare Supplement business and other businesses we acquire in the future) and implement multiple strategic and operational initiatives simultaneously; managing executive succession and key talent retention, recruitment and development; the outcome of various litigation and regulatory matters, including the CMS risk adjustment audits of certain of our Medicare contracts, guaranty fund assessments and litigation concerning, and ongoing reviews by various regulatory authorities of, certain of our payment practices with respect to out-of-network providers and/or life insurance policies; reputational issues arising from our social media activities, data security breaches, other cybersecurity risks or other causes; the ability to develop and maintain relations with providers while taking actions to reduce medical costs and/or expand the services we offer; our ability to maintain our relationships with third party brokers, consultants and agents who sell our products; increases in medical costs or Group Insurance claims resulting from any epidemics, acts of terrorism or other extreme events; and a downgrade in our financial ratings. For more discussion of important risk factors that may materially affect Aetna, please see the risk factors contained in Aetna's 2011 Annual Report on Form 10-K on file with the Securities and Exchange Commission. You also should read Aetna's 2011 Annual Report on Form 10-K for a discussion of Aetna's historical results of operations and financial condition.

Who We Are: The Aetna Way

We put the people we serve at the center of everything we do

The Aetna Way outlines the values by which we live, as the foundation for our culture, strategy and how we run our business



Why Invest In Aetna?

Aetna's strategy will create competitive advantages in the changing environment

- Renewed Medicare growth
- Major opportunity with State governments
- Growing Commercial Insured business
- Leading National Accounts franchise
- Transforming the network model



Target low double-digit Operating EPS growth on average over time

12.3% Operating EPS CAGR over last 5 years*

Exceeded our high single digit pretax operating margin target*

*Based on 2011 results

Aetna's Strategy to Create Shareholder Value



Advance the Core US Business
4%+ Growth

- Retain and grow membership
- Control medical cost
- Low Cost Model

Emerging Business Growth
Enhances Core

- ACS and payment reform
- HIT investments
- International leadership

Deploy Capital to Enhance Shareholder Value
6%+ Growth

- Shareholder dividend
- Invest in organic growth
- Disciplined M&A
- Share repurchases

Target low double-digit Operating EPS growth on average over time

Accountable Care Organizations: Evolution of the Capitated Models of the Past

Aetna Capabilities...

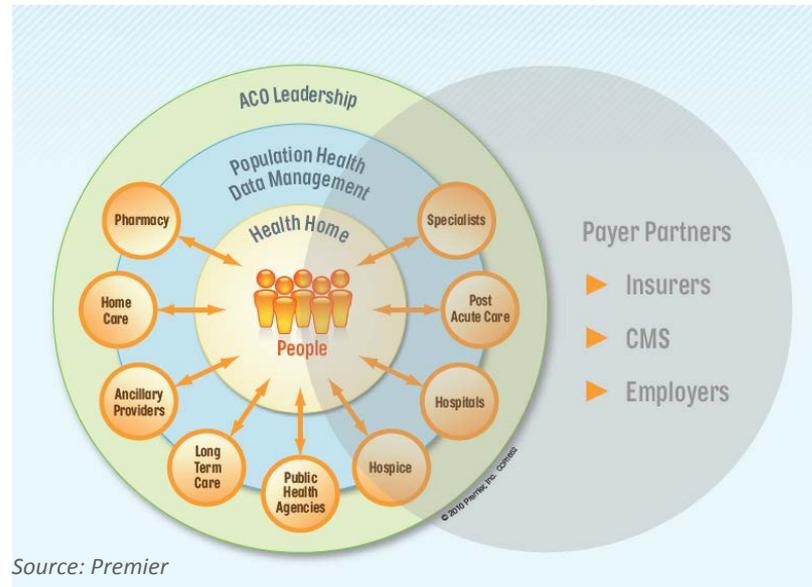
Empower Accountable Care Solutions...

Driving...

MEDICITY

ACTIVEHEALTH
MANAGEMENT

aetnaSM
Intellectual Property



Membership
Growth

Improved
Medical Cost
Structure

Service Fee
Revenue

2011 Financial Highlights

Earnings Per Share Growth

- Achieved operating EPS growth of 40% in 2011
- Compound annual operating EPS growth of 12.3% over the last 5 years, the highest among our multi-line managed care peers

Pretax Operating Margin

- 2011 pretax operating margin⁽¹⁾ of 10.2% exceeded our high single digit pretax operating margin target

Returns

- Return on Capital⁽²⁾ of ~14%
- Return on Equity⁽²⁾ of ~18%
- Both significantly in excess of our cost of capital

Capital Management

- Generated ~\$3 billion of cash flow to the parent company
- Deployed \$1.6 billion on strategically important acquisitions
- Repurchased \$1.8 billion of shares at a \$40 dollar average price
- Instituted a meaningful shareholder dividend

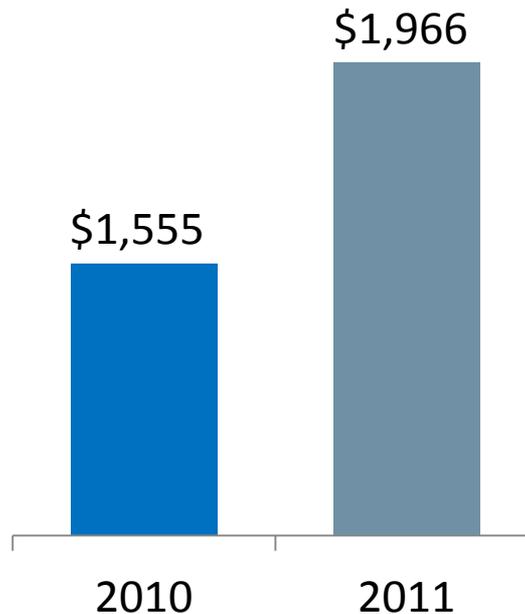
Footnotes found at the end of the presentation

2011 Operating Performance

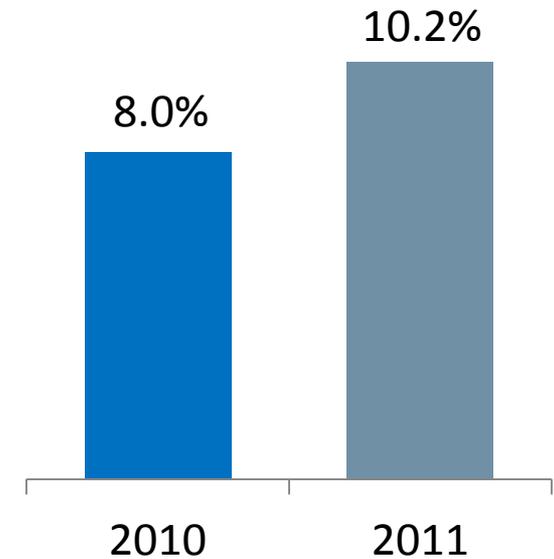
Operating Earnings
Per Share⁽³⁾



Operating Earnings⁽³⁾



Pretax Operating
Margin⁽¹⁾



Improvement driven by strong operating fundamentals

Footnotes found at the end of the presentation

2012 Guidance Highlights

Medical Membership

- Projecting ~17.9 million medical members at 1Q 2012
 - Projecting growth for the remainder of 2012
-

Commercial Medical Cost Trend

- Projecting 6.5% \pm 50 bps
 - Utilization assumed to return to more normalized levels, partially offset by improved provider contracting
-

Commercial Medical Benefit Ratio

- Projecting CMBR of 81.5% \pm 50 bps, higher than 2011:
 - ~110 bps from PYD and commission changes
 - ~250 bps from prudent estimate of trend/yield spread
-

SG&A Ratio

- Productivity and other improvements partially offset by inflation and impact of acquisitions
-

Capital

- Projecting ~\$1.7 billion in subsidiary dividends and ~\$1.35 billion in excess cash flow⁽⁴⁾ generation
 - ~353 million weighted average shares
-

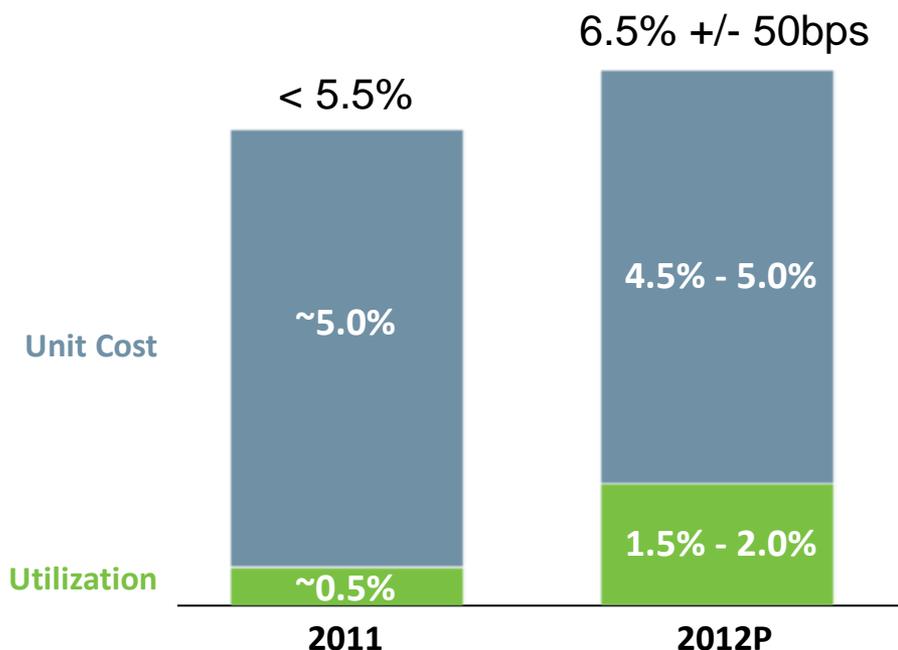
Operating EPS⁽³⁾

- ~\$5.00 per share
-

Footnotes found at the end of the presentation; PYD = prior year development

Medical Cost Trends: 2012

Our 2012 projections assume medical cost trends return to more normal levels in 2012



2012 Medical Cost trends

- Utilization assumed to return to more normalized levels
- Utilization increases partially offset by improved provider contracting
- Other factors influencing trend:
 - Wear off of favorable COBRA impacts
 - Lower benefit changes
 - Leap year

Our pricing targets an appropriate margin assuming projected medical cost trends

Projected Commercial MBR

Commercial MBR is a function of the competitive environment and the experience rated nature of large groups

Commercial MBR Bridge

2011 Result	77.9%
Prior Year Development	~80 bps
Changes to Commission Structure	~30 bps
Prudent Estimate of Trend/Yield Spread	~250 bps
<hr/>	
2012 Projection	81.5% ± 50 bps

Our 2012 projection reflects:

- The competitive environment
- The experience rated nature of our commercial insured business driving margins toward targeted levels
- Our expectation of utilization returning to more normal levels

Conclusion

- 2011 was an excellent year with substantive strategic, operational and financial achievements
- Positive momentum as we enter 2012
- 2012 Operating EPS projection of approximately \$5.00⁽³⁾
- Target low double-digit Operating EPS growth on average over time

Footnotes found at the end of the presentation

Footnotes

- (1) In order to provide useful information regarding Aetna's profitability on a basis comparable to others in the industry, without regard to financing decisions, income taxes or amortization of other acquired intangible assets (each of which may vary for reasons not directly related to the performance of the underlying business), Aetna's pretax operating margin and projected pretax operating margin are based on operating earnings, as described in (5), excluding interest expense, income taxes and amortization of other acquired intangible assets. Management also uses pretax operating margin to assess Aetna's performance, including performance versus competitors.

Below is a reconciliation of Aetna's pretax operating margin for the years ended December 31, 2011 and 2010:

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
Reconciliation to Income Before Income Taxes		
Operating earnings before income taxes, excluding interest expense and amortization of other acquired intangible assets	(B) \$ 3,414.5	\$ 2,723.8
Interest expense	(246.9)	(254.6)
Amortization of other acquired intangible assets	(120.7)	(95.2)
Voluntary early retirement program	(137.0)	-
Transaction-related costs	-	(66.2)
Litigation-related insurance proceeds	-	156.3
Severance and facilities charge	-	(47.4)
Net realized capital gains	167.9	227.5
Income before income taxes (GAAP measure)	\$ 3,077.8	\$ 2,644.2
Pretax operating margin	(B)/(C) 10.2%	8.0%
After-tax net income margin (GAAP measure)	(A)/(D) 5.9%	5.2%

Below is a reconciliation of Aetna's total revenue for the years ended December 31, 2011 and 2010:

	<u>Year Ended</u>	
	<u>December 31,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
(Millions)		
Revenue, excluding net realized capital gains	(C) \$ 33,611.9	\$ 34,018.5
Net realized capital gains (losses)	167.9	227.5
Total revenue (GAAP measure)	(D) \$ 33,779.8	\$ 34,246.0

Footnotes (Continued)

- (2) The components of return on capital and return on equity are adjusted for the following:

The net income component excludes net realized capital gains and losses, and other items, if any, as described in footnote (5). The net income component of return on capital also excludes interest expense on our outstanding debt.

The average shareholders' equity and average capital components exclude accumulated other comprehensive income. The average capital component also includes our outstanding debt.

Below is a reconciliation of Aetna's return on capital and return on equity for the year ended December 31, 2011:

(Millions)	As of December 31,	
	2011	2010
Shareholders' equity	\$ 10,120.2	\$ 9,890.8
Less: Accumulated other comprehensive loss	(1,189.2)	(1,162.6)
Adjusted shareholders' equity	\$ 11,309.4	\$ 11,053.4
Short-term debt	\$ 425.9	\$ -
Current portion of long-term debt	-	899.9
Long-term debt, less current portion	3,977.7	3,482.6
Total debt	\$ 4,403.6	\$ 4,382.5

(Millions)	Year Ended December 31,	
	2011	
Average debt	(I) \$	4,393.1
Average shareholders' equity	(J)	10,005.5
Average adjusted shareholders' equity	(K)	11,181.4
Return on capital	(E)/(I+K)	13.7%
Return on capital (GAAP measure)	(A)/(I+J)	13.8%
Return on equity	(F)/(K)	17.6%
Return on equity (GAAP measure)	(A)/(J)	19.8%

Footnotes (Continued)

- (3) Operating earnings and operating earnings per share exclude net realized capital gains of \$109.1 million (\$167.9 million pretax) and \$183.8 million (\$227.5 million pretax) reported by Aetna for the twelve months ended December 31, 2011 and 2010, respectively, and other items (5). Projected operating earnings and projected operating earnings per share also exclude from net income any future net realized capital gains or losses and other items, if any, that neither relate to the ordinary course of our business nor reflect our underlying business performance. Aetna is not able to project the amount of future net realized capital gains or losses or any such other items, and therefore cannot reconcile projected operating earnings per share to projected net income per share or projected operating earnings to projected net income in any period. Although the excluded items may recur, management believes that operating earnings and operating earnings per share provide a more useful comparison of Aetna's underlying business performance from period to period. Net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of liabilities. However, these transactions do not directly relate to the underwriting or servicing of products for customers and are not directly related to the core performance of Aetna's business operations. In addition, management uses operating earnings to assess business performance and to make decisions regarding Aetna's operations and allocation of resources among Aetna's businesses. Operating earnings is also the measure reported to the Chief Executive Officer for these purposes. Actual operating earnings per share for the full year 2011, full year 2010 and projected operating earnings per share for the full year 2012 reflect approximately 380.2 million, 422.9 million and 353.0 million weighted average diluted shares, respectively.

Below is a reconciliation of Aetna's operating earnings for the years ended December 31, 2011 and 2010, and Aetna's operating earnings per share for the years ended December 31, 2011 and 2010, reflecting weighted average diluted shares of 380.2 million and 422.9 million, respectively:

(Millions)	For the Years Ended December 31,	
	2011	2010
Operating earnings, excluding interest expense	(E) \$ 2,126.2	\$ 1,720.9
Less: interest expense, net of tax	160.5	165.5
Operating earnings	(F) 1,965.7	1,555.4
Voluntary early retirement program, net of tax	(89.1)	-
Transaction-related costs, net of tax	-	(43.1)
Litigation-related insurance proceeds, net of tax	-	101.5
Severance and facilities charge, net of tax	-	(30.8)
Net realized capital gains, net of tax	109.1	183.8
Net income (GAAP measure)	(A) \$ 1,985.7	\$ 1,766.8

	Year Ended	
	December 31, 2011	December 31, 2010
Summary of Results Per Common Share		
Operating earnings	\$ 5.17	\$ 3.68
Voluntary early retirement program, net of tax	(.24)	-
Transaction-related costs, net of tax	-	(.10)
Litigation-related insurance proceeds, net of tax	-	.24
Severance and facilities charge, net of tax	-	(.07)
Net realized capital gains, net of tax	.29	.43
Net income (GAAP measure)	\$ 5.22	\$ 4.18

Footnotes (Continued)

- (4) Projected excess cash flow available to the parent after payment of estimated fixed charges, shareholder dividends, issuance and/or maturity of debt, and inclusive of estimated available cash from employee stock programs.
- (5) In addition to net realized capital gains (losses), the following other items are excluded from operating earnings because we believe they neither relate to the ordinary course of our business nor reflect our underlying business performance:
- In 2011, we announced a voluntary early retirement program. In connection with the voluntary early retirement program, we recorded a one-time charge of \$89.1 million (\$137.0 million pretax) during the third quarter of 2011.
 - In 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.
 - Following a Pennsylvania Supreme Court ruling in June 2009, we recorded litigation-related proceeds of \$101.5 million (\$156.3 million pretax) for 2010 from our liability insurers related to certain litigation we settled in 2003.
 - In 2010 we recorded severance and facilities charges of \$30.8 million (\$47.4 million pretax). The severance and facilities charges were related to actions taken in 2010 or committed to be taken in the following year.