

INTRODUCTION

Aetna Inc. (a Pennsylvania corporation) and its wholly owned subsidiaries (collectively, the “Company”) constitute the nation’s largest health benefits company, based on membership as of December 31, 2000. Prior to December 13, 2000, the Company was a subsidiary of a Connecticut corporation named Aetna Inc. (“former Aetna”). On December 13, 2000, former Aetna spun off shares of the Company to shareholders (of former Aetna). Simultaneously, former Aetna, which was then comprised of former Aetna’s financial services and international businesses, was merged with a newly formed subsidiary of ING Groep N.V. (“ING”).

At December 31, 2000, the Company had two reportable segments: Health Care and Large Case Pensions. The principal products comprising the Health Care segment at that time were medical and dental benefit products (including health maintenance organizations (“HMO”), point of service (“POS”) plans, preferred provider organizations (“PPO”), traditional indemnity, and dental products) and group insurance products (including group life and disability insurance products and long-term care insurance products). The Large Case Pensions segment was comprised of retirement products (including pension and annuity products) primarily for defined benefit and defined contribution plans.

As a result of the previously disclosed initiatives and actions being implemented by the Company relating to its strategic repositioning, the Company is reorganizing its internal organization for making operating decisions and assessing performance. Accordingly, beginning in the first quarter of 2001, the Company will report results in three business segments: Health Care, Group Insurance, and Large Case Pensions, consistent with the Company’s new internal organization. This Historical Financial Supplement (“Supplement”) reflects the operations of the Company for the standalone quarters and year-to-date periods of 2000 for the three business segments. Several significant changes have been made to the prior reporting formats to conform to the new business segments. The following is a summary of these changes. However, no restatement was made to the consolidated results of operations. The Supplement also contains explanatory footnotes to identify and/or define changes within particular schedules.

The Health Care segment includes both medical and dental benefit products and has been further delineated into Risk and Non-Risk product groupings. The Risk product grouping includes all medical and dental products for which the Company assumes all or a majority of health care cost, utilization, mortality, morbidity, or other risk (HMO, POS, PPO, and Indemnity). The Non-Risk product grouping includes all medical and dental products offered on an employer-funded basis (Administrative Services Only “ASO”). Under the employer-funded plans, the plan sponsor, and not the Company, assumes all or a majority of these risks.

The Group Insurance segment includes group life and disability insurance products and long-term care insurance products. Group Insurance results were previously reported in the product grouping “Group Insurance and Other Health” which combined results for the Group Insurance business and the ASO non-risk business.

Previously, Risk results were combined with total Prudential Healthcare (“PHC”) results (both risk and non-risk) and reported within the product grouping “Health Risk and PHC”. Results for PHC risk products are now reflected in the Risk product grouping and results for PHC non-risk products are reflected in the Non-Risk product grouping. PHC has no group insurance business.

There have been no changes to the Large Case Pensions segment.

Corporate Interest will continue to be reflected as a separate line item at the total company level in Corporate and will not be allocated to the business segments.

Corporate operating expenses, which represented operating costs not previously allocated to the segments, have been allocated to the Health Care and Group Insurance segments and will no longer be reported as a separate line item.

Commercial Risk, HMO Risk, and Medicare premiums will be provided and will replace the premium per member per month statistics in future Financial Supplements. Both premium and medical cost per member per month statistics, as well as bed days per 1000 will no longer be reported in future Financial Supplements.

The Company will report Medical Cost Ratios “MCR” for Commercial Risk (all medical and dental risk products except Medicare and Medicaid), Commercial HMO (medical HMO products except Medicare and Medicaid) and Medicare HMO (Medicare HMO risk product excluding Medicaid).

Dental membership will now be expanded to show risk and non-risk components.

Consistent with the December 31, 2000 Statement of Income, Administrative Services Only Fees are reported separately from Other Income. In addition, Health Care Costs, which pertain to the Health Care segment, are reported separately from Current and Future Benefits, which are estimates of benefits to be paid under Group Insurance products and Large Case Pensions contracts.

The Company calculates pretax/aftertax operating margin by dividing pretax/aftertax operating earnings excluding other items, interest expense, and goodwill/intangibles amortization by total revenue, excluding net realized capital gains or losses.

Consistent with the December 31, 2000 Balance Sheet, Health Care Costs Payable are reported separately from Future Policy Benefits. Health Care Costs Payable consist principally of unpaid health care claims (including incurred but not yet reported costs), capitation costs and other amounts due to health care providers pursuant to risk-sharing arrangements related to Health Care's HMO, POS, PPO and Indemnity plans. Future Policy Benefits consist primarily of reserves for limited payment pension and annuity contracts in Large Case Pensions and certain life and long-term care insurance contracts in Group Insurance.

Unpaid claims consist of reserves associated with certain group disability and term life insurance contracts for Group Insurance.

The Balance Sheet as of December 31, 2000 and forward will be presented in the Financial Supplement on a combining basis to show Health Care and Group Insurance (shown as one balance sheet) and Large Case Pensions separately, as well as the total company.

The number of days of health care costs contained in Health Care Costs Payable now reflect the number of days associated with costs for all risk plans. Previously, the Company provided information on the number of days of HMO costs contained in HMO Costs Payable. The Company will no longer report the number of days for HMO costs only.

This document is supplemental to the Company's prior earnings releases and should be read in conjunction with them and in conjunction with the Company's 2000 Form 10-K filed with the Securities and Exchange Commission. Please direct questions with respect to this material to Robyn S. Walsh, Vice President, Investor Relations, Aetna Inc., 151 Farmington Avenue, RW3H, Hartford, Connecticut 06156. Telephone: 860-273-6184. Email: WalshR@aetna.com

Consolidating Statements of Net Income (Loss) by Segment
(Millions)

	Three Months Ended March 31, 2000				
	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Continuing operations					
Revenue:					
Premiums	\$ 5,459.4	\$ 335.3	\$ 40.7	\$ -	\$ 5,835.4
Administrative services only fees	489.8	9.2	-	-	499.0
Net investment income	103.8	78.8	244.5	-	427.1
Other income	16.4	1.0	6.6	-	24.0
Total revenue, excluding net realized capital gains (losses)	<u>6,069.4</u>	<u>424.3</u>	<u>291.8</u>	<u>-</u>	<u>6,785.5</u>
Benefits and expenses:					
Health care costs	4,674.8	-	-	-	4,674.8
Current and future benefits	-	316.7	257.7	-	574.4
Operating expenses	1,149.8	37.9	6.5	-	1,194.2
Interest expense	-	-	-	68.9	68.9
Amortization of goodwill and other acquired intangible assets	109.2	-	-	-	109.2
Total benefits and expenses	<u>5,933.8</u>	<u>354.6</u>	<u>264.2</u>	<u>68.9</u>	<u>6,621.5</u>
Operating earnings (losses) from continuing operations, excluding income taxes (benefits)	135.6	69.7	27.6	(68.9)	164.0
Income taxes (benefits)	67.4	23.5	11.0	(24.1)	77.8
Operating earnings (losses) from continuing operations	68.2	46.2	16.6	(44.8)	86.2
Net realized capital gains (losses), net of tax	(6.9)	(4.7)	.8	-	(10.8)
Income (loss) from continuing operations	<u>\$ 61.3</u>	<u>\$ 41.5</u>	<u>\$ 17.4</u>	<u>\$ (44.8)</u>	<u>\$ 75.4</u>
Pretax Operating Margin	4.0%	16.4%	9.5%	N/A	5.0%
After-tax Operating Margin	2.6%	10.9%	5.7%	N/A	3.2%

Consolidating Statements of Net Income (Loss) by Segment
(Millions)

	Three Months Ended June 30, 2000					Six Months Ended June 30, 2000				
	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Continuing operations										
Revenue:										
Premiums	\$ 5,476.4	\$ 325.4	\$ 36.9	\$ -	\$ 5,838.7	\$ 10,935.8	\$ 660.7	\$ 77.6	\$ -	\$ 11,674.1
Administrative services only fees	477.8	9.1	-	-	486.9	967.6	18.3	-	-	985.9
Net investment income	97.6	72.9	216.2	-	386.7	201.4	151.7	460.7	-	813.8
Other income	12.7	1.1	6.0	-	19.8	29.1	2.1	12.6	-	43.8
Total revenue, excluding net realized capital gains (losses)	<u>6,064.5</u>	<u>408.5</u>	<u>259.1</u>	<u>-</u>	<u>6,732.1</u>	<u>12,133.9</u>	<u>832.8</u>	<u>550.9</u>	<u>-</u>	<u>13,517.6</u>
Benefits and expenses:										
Health care costs	4,777.0	-	-	-	4,777.0	9,451.8	-	-	-	9,451.8
Current and future benefits	-	297.5	229.9	-	527.4	-	614.2	487.6	-	1,101.8
Operating expenses	1,131.1	38.0	6.3	-	1,175.4	2,280.9	75.9	12.8	-	2,369.6
Interest expense	-	-	-	56.4	56.4	-	-	-	125.3	125.3
Amortization of goodwill and other acquired intangible assets	109.2	-	-	-	109.2	218.4	-	-	-	218.4
Total benefits and expenses	<u>6,017.3</u>	<u>335.5</u>	<u>236.2</u>	<u>56.4</u>	<u>6,645.4</u>	<u>11,951.1</u>	<u>690.1</u>	<u>500.4</u>	<u>125.3</u>	<u>13,266.9</u>
Operating earnings (losses) from continuing operations, excluding other items and income taxes (benefits)	47.2	73.0	22.9	(56.4)	86.7	182.8	142.7	50.5	(125.3)	250.7
Income taxes (benefits)	36.8	24.8	8.5	(19.8)	50.3	104.2	48.3	19.5	(43.9)	128.1
Operating earnings (losses) from continuing operations, excluding other items	<u>10.4</u>	<u>48.2</u>	<u>14.4</u>	<u>(36.6)</u>	<u>36.4</u>	<u>78.6</u>	<u>94.4</u>	<u>31.0</u>	<u>(81.4)</u>	<u>122.6</u>
Assessment - New Jersey HMO Insolvency Fund, net of tax	(14.6)	-	-	-	(14.6)	(14.6)	-	-	-	(14.6)
Reduction of reserve for loss on discontinued products, net of tax	-	-	94.9	-	94.9	-	-	94.9	-	94.9
Operating earnings (losses) from continuing operations	<u>(4.2)</u>	<u>48.2</u>	<u>109.3</u>	<u>(36.6)</u>	<u>116.7</u>	<u>64.0</u>	<u>94.4</u>	<u>125.9</u>	<u>(81.4)</u>	<u>202.9</u>
Net realized capital gains (losses), net of tax	(8.4)	(3.1)	4.4	-	(7.1)	(15.3)	(7.8)	5.2	-	(17.9)
Income (loss) from continuing operations	<u>\$ (12.6)</u>	<u>\$ 45.1</u>	<u>\$ 113.7</u>	<u>\$ (36.6)</u>	<u>\$ 109.6</u>	<u>\$ 48.7</u>	<u>\$ 86.6</u>	<u>\$ 131.1</u>	<u>\$ (81.4)</u>	<u>\$ 185.0</u>
Pretax Operating Margin	2.6%	17.9%	8.8%	N/A	3.7%	3.3%	17.1%	9.2%	N/A	4.4%
After-tax Operating Margin	1.6%	11.8%	5.6%	N/A	2.4%	2.1%	11.3%	5.6%	N/A	2.8%

Consolidating Statements of Net Income (Loss) by Segment
(Millions)

	Three Months Ended September 30, 2000					Nine Months Ended September 30, 2000				
	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Continuing operations										
Revenue:										
Premiums	\$ 5,435.0	\$ 322.0	\$ 34.3	\$ -	\$ 5,791.3	\$ 16,370.8	\$ 982.7	\$ 111.9	\$ -	\$ 17,465.4
Administrative services only fees	471.8	8.1	-	-	479.9	1,439.4	26.4	-	-	1,465.8
Net investment income	121.3	76.2	229.7	-	427.2	322.7	227.9	690.4	-	1,241.0
Other income	6.4	1.0	6.2	-	13.6	35.5	3.1	18.8	-	57.4
Total revenue, excluding net realized capital gains (losses)	<u>6,034.5</u>	<u>407.3</u>	<u>270.2</u>	<u>-</u>	<u>6,712.0</u>	<u>18,168.4</u>	<u>1,240.1</u>	<u>821.1</u>	<u>-</u>	<u>20,229.6</u>
Benefits and expenses:										
Health care costs	4,746.6	-	-	-	4,746.6	14,198.4	-	-	-	14,198.4
Current and future benefits	-	287.2	233.4	-	520.6	-	901.4	721.0	-	1,622.4
Operating expenses	1,129.3	41.6	6.0	-	1,176.9	3,410.2	117.5	18.8	-	3,546.5
Interest expense	-	-	-	65.9	65.9	-	-	-	191.2	191.2
Amortization of goodwill and other acquired intangible assets	109.5	-	-	-	109.5	327.9	-	-	-	327.9
Total benefits and expenses	<u>5,985.4</u>	<u>328.8</u>	<u>239.4</u>	<u>65.9</u>	<u>6,619.5</u>	<u>17,936.5</u>	<u>1,018.9</u>	<u>739.8</u>	<u>191.2</u>	<u>19,886.4</u>
Operating earnings (losses) from continuing operations, excluding other items and income taxes (benefits)	49.1	78.5	30.8	(65.9)	92.5	231.9	221.2	81.3	(191.2)	343.2
Income taxes (benefits)	35.5	26.6	11.1	(23.0)	50.2	139.7	74.9	30.6	(66.9)	178.3
Operating earnings (losses) from continuing operations, excluding other items	<u>13.6</u>	<u>51.9</u>	<u>19.7</u>	<u>(42.9)</u>	<u>42.3</u>	<u>92.2</u>	<u>146.3</u>	<u>50.7</u>	<u>(124.3)</u>	<u>164.9</u>
Shareholder litigation settlement agreement, net of tax	(5.2)	-	-	-	(5.2)	(5.2)	-	-	-	(5.2)
Assessment - New Jersey HMO Insolvency Fund, net of tax	-	-	-	-	-	(14.6)	-	-	-	(14.6)
Reduction of reserve for loss on discontinued products, net of tax	-	-	-	-	-	-	-	94.9	-	94.9
Operating earnings (losses) from continuing operations	<u>8.4</u>	<u>51.9</u>	<u>19.7</u>	<u>(42.9)</u>	<u>37.1</u>	<u>72.4</u>	<u>146.3</u>	<u>145.6</u>	<u>(124.3)</u>	<u>240.0</u>
Net realized capital gains (losses), net of tax	29.8	(10.5)	3.2	-	22.5	14.5	(18.3)	8.4	-	4.6
Income (loss) from continuing operations	<u>\$ 38.2</u>	<u>\$ 41.4</u>	<u>\$ 22.9</u>	<u>\$ (42.9)</u>	<u>\$ 59.6</u>	<u>\$ 86.9</u>	<u>\$ 128.0</u>	<u>\$ 154.0</u>	<u>\$ (124.3)</u>	<u>\$ 244.6</u>
Pretax Operating Margin	2.6%	19.3%	11.4%	N/A	4.0%	3.1%	17.8%	9.9%	N/A	4.3%
After-tax Operating Margin	1.7%	12.7%	7.3%	N/A	2.6%	2.0%	11.8%	6.2%	N/A	2.7%

Consolidating Statements of Net Income (Loss) by Segment
(Millions)

	Three Months Ended December 31, 2000					Twelve Months Ended December 31, 2000				
	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Continuing operations										
Revenue:										
Premiums	\$ 5,375.8	\$ 345.9	\$ 27.8	\$ -	\$ 5,749.5	\$ 21,746.6	\$ 1,328.6	\$ 139.7	\$ -	\$ 23,214.9
Administrative services only fees	463.8	7.9	-	-	471.7	1,903.2	34.3	-	-	1,937.5
Net investment income	105.8	73.0	211.8	-	390.6	428.5	300.9	902.2	-	1,631.6
Other income	9.6	1.0	7.0	-	17.6	45.1	4.1	25.8	-	75.0
Total revenue, excluding net realized capital gains (losses)	<u>5,955.0</u>	<u>427.8</u>	<u>246.6</u>	<u>-</u>	<u>6,629.4</u>	<u>24,123.4</u>	<u>1,667.9</u>	<u>1,067.7</u>	<u>-</u>	<u>26,859.0</u>
Benefits and expenses:										
Health care costs	4,685.7	-	-	-	4,685.7	18,884.1	-	-	-	18,884.1
Current and future benefits	-	314.8	216.3	-	531.1	-	1,216.2	937.3	-	2,153.5
Operating expenses	1,127.7	40.9	6.2	-	1,174.8	4,537.9	158.4	25.0	-	4,721.3
Interest expense	-	-	-	57.0	57.0	-	-	-	248.2	248.2
Amortization of goodwill and other acquired intangible assets	107.7	-	-	-	107.7	435.6	-	-	-	435.6
Total benefits and expenses	<u>5,921.1</u>	<u>355.7</u>	<u>222.5</u>	<u>57.0</u>	<u>6,556.3</u>	<u>23,857.6</u>	<u>1,374.6</u>	<u>962.3</u>	<u>248.2</u>	<u>26,442.7</u>
Operating earnings (losses) from continuing operations, excluding other items and income taxes (benefits)	33.9	72.1	24.1	(57.0)	73.1	265.8	293.3	105.4	(248.2)	416.3
Income taxes (benefits)	30.6	25.0	8.8	(20.0)	44.4	170.3	99.9	39.4	(86.9)	222.7
Operating earnings (losses) from continuing operations, excluding other items	<u>3.3</u>	<u>47.1</u>	<u>15.3</u>	<u>(37.0)</u>	<u>28.7</u>	<u>95.5</u>	<u>193.4</u>	<u>66.0</u>	<u>(161.3)</u>	<u>193.6</u>
Severance and facilities charge, net of tax	(92.6)	-	-	-	(92.6)	(92.6)	-	-	-	(92.6)
Goodwill write-off, net of tax	(238.3)	-	-	-	(238.3)	(238.3)	-	-	-	(238.3)
Other change-in-control related, net of tax	(50.7)	(0.3)	-	-	(51.0)	(50.7)	(0.3)	-	-	(51.0)
Shareholder litigation settlement agreement, net of tax	-	-	-	-	-	(5.2)	-	-	-	(5.2)
Assessment - New Jersey HMO Insolvency Fund, net of tax	-	-	-	-	-	(14.6)	-	-	-	(14.6)
Reduction of reserve for loss on discontinued products, net of tax	-	-	-	-	-	-	-	94.9	-	94.9
Operating earnings (losses) from continuing operations	<u>(378.3)</u>	<u>46.8</u>	<u>15.3</u>	<u>(37.0)</u>	<u>(353.2)</u>	<u>(305.9)</u>	<u>193.1</u>	<u>160.9</u>	<u>(161.3)</u>	<u>(113.2)</u>
Net realized capital gains (losses), net of tax	(1.4)	(13.5)	(3.9)	-	(18.8)	13.1	(31.8)	4.5	-	(14.2)
Income (loss) from continuing operations	<u>\$ (379.7)</u>	<u>\$ 33.3</u>	<u>\$ 11.4</u>	<u>\$ (37.0)</u>	<u>\$ (372.0)</u>	<u>\$ (292.8)</u>	<u>\$ 161.3</u>	<u>\$ 165.4</u>	<u>\$ (161.3)</u>	<u>\$ (127.4)</u>
Pretax Operating Margin	2.4%	16.9%	9.8%	N/A	3.6%	2.9%	17.6%	9.9%	N/A	4.1%
After-tax Operating Margin	1.5%	11.0%	6.2%	N/A	2.3%	1.8%	11.6%	6.2%	N/A	2.6%

Health Care
Statement of Income
(Millions)

	3 Months Ended March 31, 2000		
	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>
Revenue:			
Premiums	\$ 5,459.4	\$ -	\$ 5,459.4
Administrative services only fees	-	489.8	489.8
Net investment income	94.5	9.3	103.8
Other income	<u>4.8</u>	<u>11.6</u>	<u>16.4</u>
Total revenue, excluding net realized capital gains (losses)	<u>5,558.7</u>	<u>510.7</u>	<u>6,069.4</u>
Benefits and expenses:			
Health care costs	4,674.8	-	4,674.8
Operating expenses	<u>715.8</u>	<u>434.0</u>	<u>1,149.8</u>
Total benefits and expenses, excluding income taxes, amortization of goodwill and other acquired intangible assets	<u>5,390.6</u>	<u>434.0</u>	<u>5,824.6</u>
Operating earnings excluding income taxes, amortization of goodwill and other acquired intangible assets	168.1	76.7	244.8
Income taxes	<u>62.1</u>	<u>26.1</u>	<u>88.2</u>
Operating earnings excluding amortization of goodwill and other acquired intangible assets	<u>\$ 106.0</u>	<u>\$ 50.6</u>	156.6
Amortization of goodwill and other acquired intangible assets, net of tax			<u>(88.4)</u>
Operating earnings			<u>\$ 68.2</u>

Health Care
Statements of Income
(Millions)

	<u>3 Months Ended June 30, 2000</u>			<u>6 Months Ended June 30, 2000</u>		
	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>
Revenue:						
Premiums	\$ 5,476.4	\$ -	\$ 5,476.4	\$ 10,935.8	\$ -	\$ 10,935.8
Administrative services only fees	-	477.8	477.8	-	967.6	967.6
Net investment income	91.1	6.5	97.6	185.6	15.8	201.4
Other income	3.4	9.3	12.7	8.2	20.9	29.1
Total revenue, excluding net realized capital gains (losses)	<u>5,570.9</u>	<u>493.6</u>	<u>6,064.5</u>	<u>11,129.6</u>	<u>1,004.3</u>	<u>12,133.9</u>
Benefits and expenses:						
Health care costs	4,777.0	-	4,777.0	9,451.8	-	9,451.8
Operating expenses	711.1	420.0	1,131.1	1,426.9	854.0	2,280.9
Total benefits and expenses, excluding income taxes, amortization of goodwill and other acquired intangible assets and other items	<u>5,488.1</u>	<u>420.0</u>	<u>5,908.1</u>	<u>10,878.7</u>	<u>854.0</u>	<u>11,732.7</u>
Operating earnings excluding income taxes, and amortization of goodwill and other acquired intangible assets and other items	82.8	73.6	156.4	250.9	150.3	401.2
Income taxes	32.4	24.8	57.2	94.5	50.9	145.4
Operating earnings excluding amortization of goodwill and other acquired intangible assets and other items	<u>\$ 50.4</u>	<u>\$ 48.8</u>	99.2	<u>\$ 156.4</u>	<u>\$ 99.4</u>	255.8
Other items, net of tax:						
Assessment - New Jersey HMO Insolvency Fund			(14.6)			(14.6)
Operating earnings excluding amortization of goodwill and other acquired intangible assets			84.6			241.2
Amortization of goodwill and other acquired intangible assets, net of tax			(88.8)			(177.2)
Operating earnings (losses)			<u>\$ (4.2)</u>			<u>\$ 64.0</u>

Health Care
Statements of Income
(Millions)

	3 Months Ended September 30, 2000			9 Months Ended September 30, 2000		
	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>
Revenue:						
Premiums	\$ 5,435.0	\$ -	\$ 5,435.0	\$ 16,370.8	\$ -	\$ 16,370.8
Administrative services only fees	-	471.8	471.8	-	1,439.4	1,439.4
Net investment income	111.3	10.0	121.3	296.9	25.8	322.7
Other income	0.3	6.1	6.4	8.5	27.0	35.5
Total revenue, excluding net realized capital gains (losses)	<u>5,546.6</u>	<u>487.9</u>	<u>6,034.5</u>	<u>16,676.2</u>	<u>1,492.2</u>	<u>18,168.4</u>
Benefits and expenses:						
Health care costs	4,746.6	-	4,746.6	14,198.4	-	14,198.4
Operating expenses	714.8	414.5	1,129.3	2,141.7	1,268.5	3,410.2
Total benefits and expenses, excluding income taxes, amortization of goodwill and other acquired intangible assets and other items	<u>5,461.4</u>	<u>414.5</u>	<u>5,875.9</u>	<u>16,340.1</u>	<u>1,268.5</u>	<u>17,608.6</u>
Operating earnings excluding income taxes, amortization of goodwill and other acquired intangible assets and other items	85.2	73.4	158.6	336.1	223.7	559.8
Income taxes	<u>33.0</u>	<u>25.3</u>	<u>58.3</u>	<u>127.5</u>	<u>76.2</u>	<u>203.7</u>
Operating earnings excluding amortization of goodwill and other acquired intangible assets and other items	<u>\$ 52.2</u>	<u>\$ 48.1</u>	100.3	<u>\$ 208.6</u>	<u>\$ 147.5</u>	356.1
Other items, net of tax:						
Assessment - New Jersey HMO Insolvency Fund			-			(14.6)
Shareholder litigation settlement agreement			<u>(5.2)</u>			<u>(5.2)</u>
Operating earnings excluding amortization of goodwill and other acquired intangible assets			95.1			336.3
Amortization of goodwill and other acquired intangible assets, net of tax			<u>(86.7)</u>			<u>(263.9)</u>
Operating earnings			<u>\$ 8.4</u>			<u>\$ 72.4</u>

Health Care
Statements of Income
(Millions)

	3 Months Ended December 31, 2000			12 Months Ended December 31, 2000		
	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>	<u>Risk</u>	<u>Non - Risk</u>	<u>Total</u>
Revenue:						
Premiums	\$ 5,375.8	\$ -	\$ 5,375.8	\$ 21,746.6	\$ -	\$ 21,746.6
Administrative services only fees	-	463.8	463.8	-	1,903.2	1,903.2
Net investment income	101.1	4.7	105.8	398.0	30.5	428.5
Other income	1.1	8.5	9.6	9.6	35.5	45.1
Total revenue, excluding net realized capital gains (losses)	<u>5,478.0</u>	<u>477.0</u>	<u>5,955.0</u>	<u>22,154.2</u>	<u>1,969.2</u>	<u>24,123.4</u>
Benefits and expenses:						
Health care costs	4,685.7	-	4,685.7	18,884.1	-	18,884.1
Operating expenses	704.1	423.6	1,127.7	2,845.8	1,692.1	4,537.9
Total benefits and expenses, excluding income taxes, amortization of goodwill and other acquired intangible assets and other items	<u>5,389.8</u>	<u>423.6</u>	<u>5,813.4</u>	<u>21,729.9</u>	<u>1,692.1</u>	<u>23,422.0</u>
Operating earnings excluding income taxes, amortization of goodwill and other acquired intangible assets and other items	88.2	53.4	141.6	424.3	277.1	701.4
Income taxes	<u>33.9</u>	<u>17.9</u>	<u>51.8</u>	<u>161.4</u>	<u>94.1</u>	<u>255.5</u>
Operating earnings excluding amortization of goodwill and other acquired intangible assets and other items	<u>\$ 54.3</u>	<u>\$ 35.5</u>	89.8	<u>\$ 262.9</u>	<u>\$ 183.0</u>	445.9
Other items, net of tax:						
Severance and facilities charge			(92.6)			(92.6)
Goodwill write-off			(238.3)			(238.3)
Other change-in-control related costs			(50.7)			(50.7)
Assessment - New Jersey HMO Insolvency Fund			-			(14.6)
Shareholder litigation settlement agreement			-			<u>(5.2)</u>
Operating earnings excluding amortization of goodwill and other acquired intangible assets			(291.8)			44.5
Amortization of goodwill and other acquired intangible assets, net of tax			<u>(86.5)</u>			<u>(350.4)</u>
Operating losses			<u>\$ (378.3)</u>			<u>\$ (305.9)</u>

**Health Care
Financial Statistics
Financial Statement Basis**
(in millions, except Membership)

	<u>3 Months Ended</u> <u>3/31/2000</u>	<u>3 Months Ended</u> <u>6/30/2000</u>	<u>6 Months Ended</u> <u>6/30/2000</u>	<u>3 Months Ended</u> <u>9/30/2000</u>	<u>9 Months Ended</u> <u>9/30/2000</u>	<u>3 Months Ended</u> <u>12/31/2000</u>	<u>12 Months Ended</u> <u>12/31/2000</u>
<u>Premiums (1)</u>							
Commercial Risk	\$ 4,327.1	\$ 4,387.8	\$ 8,714.9	\$ 4,364.2	\$ 13,079.1	\$ 4,417.6	\$ 17,496.7
Commercial HMO	\$ 3,516.3	\$ 3,558.8	\$ 7,075.1	\$ 3,524.8	\$ 10,599.9	\$ 3,564.5	\$ 14,164.4
Medicare HMO	\$ 1,081.6	\$ 1,038.5	\$ 2,120.1	\$ 1,021.5	\$ 3,141.6	\$ 909.7	\$ 4,051.3
<u>Medical Cost Ratios (1)</u>							
Commercial Risk	83.6 %	85.7 %	84.6 %	85.6 %	85.0 %	85.7 %	85.1 %
Commercial HMO	83.8 %	86.8 %	85.3 %	87.4 %	86.0 %	87.2 %	86.3 %
Medicare HMO	94.3 %	97.3 %	95.8 %	99.0 %	96.8 %	97.5 %	97.0 %
<u>Operating Expenses as % of Revenue (2)</u>							
Commercial Risk	14.7 %	14.5 %	14.6 %	14.7 %	14.6 %	14.4 %	14.6 %
Total Health Care	18.9 %	18.7 %	18.8 %	18.7 %	18.8 %	18.9 %	18.8 %
<u>Prudential Healthcare (PHC) Reinsurance Recoveries (3)</u>							
Before tax	\$ 12.3	\$ 34.9	\$ 47.2	\$ 41.0	\$ 88.2	\$ 32.1	\$ 120.3
After tax	\$ 8.0	\$ 22.7	\$ 30.7	\$ 26.6	\$ 57.3	\$ 20.9	\$ 78.2
<u>PHC ASO Supplemental Fees (4)</u>							
Before tax	\$ 47.8	\$ 36.2	\$ 84.0	\$ 27.7	\$ 111.7	\$ 22.1	\$ 133.8
After tax	\$ 31.1	\$ 23.5	\$ 54.6	\$ 18.0	\$ 72.6	\$ 14.4	\$ 87.0
<u>Dental Membership (in thousands)</u>							
Risk	6,290	6,213	6,213	6,097	6,097	6,137	6,137
Non risk	8,110	8,047	8,047	8,035	8,035	8,114	8,114
<u>Health Care Costs payable</u>	\$ 3,092.1	\$ 3,094.7	\$ 3,094.7	\$ 3,196.9	\$ 3,196.9	\$ 3,171.1	\$ 3,171.1
<u>Days Claims payable (5)</u>	59.5	59.0	59.3	62.0	61.5	62.3	61.3

(1) Commercial Risk includes all medical and dental risk products except Medicare and Medicaid. Commercial HMO includes all medical HMO products except Medicare and Medicaid.

(2) Operating Expenses as a % of Revenue excludes other items. Total Health Care Operating Expenses as a % of Revenue includes risk and non-risk product groups.

(3) Reflects benefits relating to recoveries under a reinsurance agreement with Prudential Insurance Company of America (Prudential), recognition of a portion of the reinsurance premium paid, and the net amortization amounts established as part of the PHC purchase accounting.

(4) Represents supplemental fees for servicing Prudential's Administrative Services Only (ASO) business, including amortization of amounts established as part of the PHC purchase accounting.

(5) Days Claims Payable reflects the number of days associated with costs for all risk plans and is calculated based on actual number of days in each respective period.

Combining Balance Sheet
December 31, 2000
(Millions)

	Health Care and Group Insurance	Large Case Pensions	Total		Health Care and Group Insurance	Large Case Pensions	Total
Assets				Liabilities and equity			
Current assets:				Current liabilities:			
Cash and cash equivalents	\$ 1,748.2	\$ 195.6	\$ 1,943.8	Health care costs payable	\$ 3,171.1	\$ -	\$ 3,171.1
Investment securities	6,377.9	7,639.6	14,017.5	Future policy benefits	84.5	747.5	832.0
Other investments	163.2	211.4	374.6	Unpaid claims	526.5	1.7	528.2
Premiums receivable, net	838.6	-	838.6	Unearned premiums	269.3	-	269.3
Other receivables, net	510.1	225.7	735.8	Policyholders' funds	150.4	944.0	1,094.4
Accrued investment income	98.5	161.8	260.3	Collateral payable under securities loan agreements	335.1	261.7	596.8
Collateral received under securities loan agreements	335.1	261.7	596.8	Short-term debt	1,592.2	-	1,592.2
Loaned securities	328.1	256.0	584.1	Income taxes payable	296.4	1.4	297.8
Deferred income taxes	132.1	(19.8)	112.3	Accrued expenses and other liabilities	<u>1,347.2</u>	<u>274.4</u>	<u>1,621.6</u>
Other assets	<u>290.6</u>	<u>13.1</u>	<u>303.7</u>	Total current liabilities	<u>7,772.7</u>	<u>2,230.7</u>	<u>10,003.4</u>
Total current assets	<u>10,822.4</u>	<u>8,945.1</u>	<u>19,767.5</u>	Future policy benefits	1,774.6	6,910.2	8,684.8
Long-term investments	816.1	528.2	1,344.3	Unpaid claims	1,211.6	-	1,211.6
Mortgage loans	479.0	1,347.6	1,826.6	Policyholders' funds	714.8	1,934.8	2,649.6
Investment real estate	141.5	177.7	319.2	Other liabilities	416.7	-	416.7
Reinsurance recoverables	1,318.5	-	1,318.5	Separate Accounts liabilities	<u>13.3</u>	<u>14,339.2</u>	<u>14,352.5</u>
Goodwill and other acquired intangible assets, net	7,703.4	-	7,703.4	Total liabilities	<u>11,903.7</u>	<u>25,414.9</u>	<u>37,318.6</u>
Property and equipment, net	148.0	242.0	390.0	Equity			
Deferred income taxes	134.4	160.6	295.0	Total equity	<u>9,801.6</u>	<u>325.5</u>	<u>10,127.1</u>
Other assets	128.7	-	128.7				
Separate Accounts assets	<u>13.3</u>	<u>14,339.2</u>	<u>14,352.5</u>				
Total assets	<u>\$ 21,705.3</u>	<u>\$ 25,740.4</u>	<u>\$ 47,445.7</u>	Total liabilities and equity	<u>\$ 21,705.3</u>	<u>\$ 25,740.4</u>	<u>\$ 47,445.7</u>