



Aetna Inc.

The following is a summary of certain 2002 financial information and 2003 projected financial information and metrics provided on Aetna's investor conference calls on April 24, 2003 or July 30, 2003. This information is provided for reference only, and has not been updated. You should consider the information to speak only as of its date of original publication (e.g., April 24, 2003 or July 30, 2003). Aetna does not assume any responsibility to update the information to reflect subsequent events. Please also refer to the Cautionary Statement below for additional information regarding important risk factors that may affect the forward looking and other information.

You should read this information in conjunction with Aetna's earnings press release issued July 30, 2003 and should review the replay of the related investor call in full, since the press release provides further discussion of the Company's results, and the investor call provides important context for the forward looking information.

	Aetna Inc. 2002 Actuals (Full-year unless otherwise noted, as previously reported)	Aetna Inc. Guidance as of 4/24/2003 (Full-year unless otherwise noted)	Aetna Inc. Guidance as of 7/30/2003 (Full-year unless otherwise noted)
Aetna Inc.			
Operating Earnings (1)	\$450.3 million \$2.94 per share	≈ \$755 - \$780 million ≈ \$4.75 - \$4.90 per share ≈ \$0.85 per share (2Q03)	≈ \$884 - \$909 million ≈ \$5.55 - \$5.70 per share
Revenue (excluding net realized capital gains or losses) (2)	\$19.8 billion	≈ \$18.0 billion	≈ \$17.8 billion
Operating Expenses (3)	\$4,232.6 million	≈ \$200 million lower	≈ \$200 million lower
Pretax Operating Margin (4)	4.6%	≈ 6.5%	≈ 8%
Effective Tax Rate (5)	32.6%	≈ 36%	≈ 36%
Long-term Debt	\$1.6 billion (12/31/02)	≈ \$1.6 billion (12/31/03)	≈ \$1.6 billion (12/31/03)
Weighted Average Common Shares Diluted	152,960,047	≈ 159 million	≈ 160 million
Employee Level	≈ 28,400 (12/31/02)	≈ 27,500 (12/31/03)	≈ 27,500 (12/31/03)
Information by Segment:			
Health Care			
Operating Earnings (before Intangibles) (1)	\$446.6 million	≈ \$710 - \$730 million	≈ \$830 - \$850 million
Amortization of other acquired intangible assets	\$85.0 million	≈ \$33 million	≈ \$33 million
Medical Membership (6)	13.678 million (12/31/02) 36.7% Risk / 63.3% ASC (12/31/02)	≈ 13.2 million (12/31/03) ≈ 35% Risk / 65% ASC (12/31/03)	≈ 13.0 million (12/31/03) ≈ 35% Risk / 65% ASC (12/31/03)
Commercial Risk Premium Yield (6) (7)	≈ 19%	≈ 14%	≈ 13% - 14%
Commercial Risk Cost Trend (6) (8)	≈ 14.5%	≈ 10%	≈ 8%
Commercial Risk MCR (6) (9)	82.9%	≈ 10% - 11% (2Q03-4Q03) ≈ 80%	≈ 8% (3Q03-4Q03) ≈ 78% - 79% (3Q03-4Q03)
Medicare Risk MCR (9)	82.2%	≈ 86%	≈ 87% - 88% (3Q03-4Q03)
Group Insurance			
Operating Earnings (1)	\$142.2 million	≈ \$137 - \$140 million	≈ \$137 - \$140 million
Revenue (excluding net realized capital gains or losses) (2)	\$1,766.9 million	≈ 5% growth	≈ 5% growth
LCP			
Operating Earnings (1)	\$24.2 million	≈ \$16 - \$18 million	≈ \$18 - \$20 million
Corporate Interest Expense (AFIT)	\$77.7 million	≈ \$75 million	≈ \$68 million

Footnotes

(1) In order to provide information that the company believes is useful regarding its underlying business performance and which is used by management to assess performance and make operating decisions, all operating earnings and operating earnings per share (including projected 2003 operating earnings and projected 2003 operating earnings per share) exclude the following from net income (loss): other items, net realized capital gains (losses), income from discontinued operations and cumulative effect adjustments. For a reconciliation of full year 2002 actual operating earnings to net income (loss) under accounting principles generally accepted in the United States of America ("GAAP") refer to the tables on pages 4 and 5 of this document.

Aetna Inc. and the Health Care segment full year 2002 actual results include: a) a benefit of approximately \$32 million pretax (approximately \$21 million after tax) due to favorable resolution of prior-period contract matters for a large customer; b) favorable development of prior-period medical cost estimates of approximately \$89 million after tax, of which approximately 50% relates to underlying performance for 2002 and the balance relates to 2001.

The April 24, 2003 projected 2003 operating earnings exclude the following after tax net realized capital gains reported by the company for first quarter 2003: Aetna Inc. \$14.1 million; Health Care \$8.6 million; Group Insurance \$2.5 million and Large Case Pensions \$3.0 million. The July 30, 2003 projected 2003 operating earnings exclude the following after tax net realized capital gains reported by the company for the six months ended June 30, 2003: Aetna Inc. \$23.6 million; Health Care \$13.9 million; Group Insurance \$3.6 million and Large Case Pensions \$6.1 million. The company is not able to project the amount of future net realized capital gains or losses and cannot therefore, reconcile projected 2003 operating earnings to projected 2003 net income. The July 30, 2003 projected 2003 operating earnings for Aetna Inc. and Health Care also exclude the estimate of the cost of settlement of physician class action litigation of approximately \$75 million after tax reported by the company for the second quarter 2003. The projected 2003 operating earnings for the Health Care segment for both April 24, 2003 and July 30, 2003 also exclude approximately \$33 million of after tax intangibles amortization, which would reduce net income by that amount.

The April 24, 2003 projected 2003 operating earnings for Aetna Inc. and the Health Care segment also include favorable development of prior-period medical cost estimates of approximately \$164 million pretax (approximately \$107 million after tax), which were included in the results reported for the first quarter 2003. The July 30, 2003 projected 2003 operating earnings for Aetna Inc. and the Health Care segment also include additional net favorable development of prior-period medical cost estimates of approximately \$3 million pretax (approximately \$2 million after tax), which were included in the results reported for the second quarter 2003.

(2) Aetna Inc. and the Group Insurance segment revenues exclude net realized capital gains or losses (pretax), which are included in reported GAAP revenue. Net realized capital losses excluded from full year 2002 actual revenue are as follows: Aetna Inc. \$(23.3) million and Group Insurance \$(12.9) million. Net realized capital gains for the 2003 first quarter (pretax) excluded from the April 24, 2003 projected 2003 revenue are as follows: Aetna Inc. \$21.7 million and Group Insurance \$3.8 million. Net realized capital gains for the six months ended June 30, 2003 (pretax) excluded from the July 30, 2003 projected 2003 revenue are as follows: Aetna Inc. \$36.3 million and Group Insurance \$5.6 million. Refer to Footnote 1 above.

(3) Aetna Inc. full year 2002 operating expenses exclude a severance and facilities charge (pretax), which is included in reported GAAP operating expenses. Including the severance and facilities charge of \$161.0 million in full year 2002 actual results, GAAP operating expenses were \$4.4 billion. The projected decline in operating expenses to \$4.0 billion for 2003 excludes the estimate of the cost of settlement of physician class action litigation of approximately \$115.4 million pretax (\$75 million after tax) recorded in the 2003 second quarter. The projected 2003 GAAP operating expenses are \$4.1 billion.

(4) Pretax operating margins are calculated by dividing pretax operating earnings, excluding other items, net realized capital gains or losses, interest expense and amortization of other acquired intangible assets by total revenue excluding net realized capital gains or losses. For a reconciliation of the pretax operating margin for the full year 2002 actual results to a GAAP measure refer to the tables on pages 4 and 5 of this document. The projected 2003 pretax operating margins also exclude the favorable development of prior-period medical cost estimates reported in the 2003 first and second quarters. The company cannot reconcile the projected 2003 pretax operating margins to a comparable GAAP measure, as it cannot project net realized capital gains or losses.

(5) Effective tax rates are calculated by dividing income taxes, excluding income taxes on other items, amortization of other acquired intangible assets and net realized capital gains or losses, by operating earnings excluding income taxes, other items, amortization of other acquired intangible assets, and net realized capital gains or losses. For a reconciliation of the effective tax rate for the full year 2002 actual results to the GAAP effective tax rate refer to the tables on pages 4 and 5 of this document. The company cannot



Aetna Inc.

reconcile the projected 2003 effective tax rates to a comparable GAAP measure, as it cannot project net realized capital gains or losses.

(6) Commercial Risk includes all medical and dental risk products except Medicare and Medicaid. Risk includes all medical members for which the company assumes all or a majority of health care cost, utilization, mortality, morbidity, or other risk. Administrative Services Contracts (“ASC”) include all medical membership offered on an employer-funded basis. Under employer-funded plans, the plan sponsor, not the company, assumes all or a majority of health care cost, utilization, mortality, morbidity, or other risk.

(7) The rate of increase in premiums, for all Commercial Risk products, after benefit plan changes and the impact of regional differences.

(8) The rate of increase in health care costs for all Commercial Risk products excluding the favorable development of prior-period medical cost estimates referred to in Footnote 1 above.

(9) The full year 2002 actual Medical Cost Ratios (“MCRs”) include the favorable development of prior-period medical cost estimates referred to in Footnote 1 above. The projected 2003 MCRs exclude the 2003 favorable or unfavorable development of prior-period medical cost estimates reported for the first and second quarters 2003 and any further prior-period reserve development, which the company cannot project.

Note: The symbol “≈” means “approximately”.

###

ADDITIONAL INFORMATION; CAUTIONARY STATEMENT - The 2003 information in this document is forward looking. 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. Those risk factors include, but are not limited to: unanticipated increases in medical costs (including increased medical utilization, increased pharmacy costs, increases resulting from unfavorable changes in contracting or recontracting with providers, changes in membership mix to lower-premium or higher-cost products or membership-adverse selection; as well as 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); decreases in membership levels; increases in medical costs or Group Insurance claims resulting from any acts of terrorism; the ability to achieve targeted savings from work force reductions and to otherwise reduce administrative expenses in light of significant membership reductions recently experienced; the ability to maintain targeted levels of service, and improve relations with providers, as well as operating performance, while making significant staff reductions and taking actions to reduce medical costs; the ability to continue to successfully implement Aetna's new operating model; lower levels of investment income from continued lower interest rates; adverse government regulation (including legislative proposals to eliminate or reduce ERISA pre-emption of state laws that would increase potential litigation exposure, and other proposals, such as the Patients' Bill of Rights, that would increase potential litigation exposure or mandate coverage of certain health benefits); adverse pricing actions by government payors; changes in size, product mix and medical cost experience of membership in key markets; and the outcome, including any negotiated resolution, of various litigation and regulatory matters, including ongoing reviews of business practices by various regulatory agencies. For more discussion of important factors that may materially affect Aetna, please see the risk factors contained in Aetna's 2002 Annual Report on Form 10-K, on file with the Securities and Exchange Commission. You also should read Aetna's 2002 Annual Report on Form 10-K, and Aetna's 2003 Second Quarter Report on Form 10-Q when filed with the Securities and Exchange Commission for a discussion of Aetna's historical results of operations and financial condition.

###



Aetna Inc.

Reconciliations of Full Year 2002 Actual Results
(\$ in Millions, except per common share data)

Full Year
2002 Actuals

Aetna Inc.

Reconciliation of Operating Earnings and Per Share (Footnote 1)

Operating earnings, excluding other items (A)	\$	450.3
Income tax reserve release (prior period related)		19.8
Reduction of reserve for anticipated future losses on discontinued products, net of tax		5.4
Severance and facilities charge, net of tax		(104.6)
Net realized capital gains, net of tax		22.3
Income from continuing operations (B) (GAAP measure)		393.2
Income from discontinued operations		50.0
Income before cumulative effect adjustment		443.2
Cumulative effect adjustment		(2,965.7)
Net loss (GAAP measure)	\$	(2,522.5)
Weighted average common shares - diluted (C)		152,960,047

Operating earnings per common share:

Operating earnings, excluding other items (A)/(C)	\$	2.94
Income from continuing operations (B)/(C) (GAAP measure)	\$	2.57

Reconciliation of Pretax Operating Margin (Footnote 4)

Cash operating earnings, excluding interest expense and other items, before income taxes (D)	\$	913.5
Interest expense		(119.5)
Cash operating earnings, excluding other items, before income taxes (E)		794.0
Amortization of other acquired intangible assets		(130.8)
Reduction of reserve for anticipated future losses on discontinued products		8.3
Severance and facilities charge		(161.0)
Net realized capital gains		34.3
Income from continuing operations before income taxes (F) (GAAP measure)	\$	544.8
Revenue, excluding net realized capital gains (G)	\$	19,844.4
Net realized capital gains		34.3
Total revenue (H) (GAAP measure)	\$	19,878.7

Pretax operating margin (D)/(G)	4.6	%
Pretax operating margin (F)/(H) (GAAP measure)	2.7	%

Reconciliation of Effective Tax Rate (Footnote 5)

Income taxes (I)	\$	258.7
Tax on amortization of other acquired intangible assets		(45.8)
Income tax reserve release (prior period related)		(19.8)
Tax on reduction of reserve for anticipated future losses on discontinued products		2.9
Tax on severance and facilities charge		(56.4)
Tax on net realized capital gains		12.0
Income taxes (J) (GAAP measure)	\$	151.6

Effective tax rate (I)/(E)	32.6	%
Effective tax rate (J)/(F) (GAAP measure)	27.8	%



Aetna Inc.

Reconciliations of Full Year 2002 Actual Results
(\$ in Millions)

**Full Year
2002 Actuals**

Health Care

Reconciliation of Operating Earnings (Footnote 1)

Operating earnings, excluding amortization of other acquired intangible assets and other items	\$ 446.6
Amortization of other acquired intangible assets, net of tax	(85.0)
Income tax reserve release (prior period related)	19.8
Severance and facilities charge, net of tax	(101.4)
Net realized capital gains, net of tax	36.4
Income from continuing operations (GAAP measure)	<u>316.4</u>
Cumulative effect adjustment	(2,965.7)
Net loss (GAAP measure)	<u><u>\$ (2,649.3)</u></u>

Group Insurance

Reconciliation of Operating Earnings (Footnote 1)

Operating earnings, excluding other items	\$ 142.2
Severance and facilities charge, net of tax	(3.2)
Net realized capital loss, net of tax	(14.0)
Net income (GAAP measure)	<u><u>\$ 125.0</u></u>

Large Case Pensions

Reconciliation of Operating Earnings (Footnote 1)

Operating earnings, excluding other items	\$ 24.2
Reduction of reserve for anticipated future losses on discontinued products, net of tax	5.4
Net realized capital loss, net of tax	(.1)
Net income (GAAP measure)	<u><u>\$ 29.5</u></u>