

Financial Supplement

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This document is supplemental to the Company's second quarter 2004 earnings press release and should be read in conjunction therewith and in conjunction with the Company's June 30, 2004 Quarterly Report on Form 10-Q to be filed with the Securities and Exchange Commission. Please direct questions with respect to this material to David Entrekina, Vice President - Investor Relations, Aetna Inc., 151 Farmington Avenue, RE2T, Hartford, Connecticut 06156. Telephone: 860-273-7830. Email: entrekind@aetna.com.

Financial Statistics
(\$ in Millions, except per common share data)

	Three Months Ended					Six Months Ended		
	Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Change Jun. 30, 2004 - Jun. 30, 2003	Change Jun. 30, 2004 - Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003	Change Jun. 30, 2004 - Jun. 30, 2003
<u>Aetna Inc. Operating Earnings *</u>								
Operating Earnings	\$ 282.6	\$ 203.9	\$ 308.8	38.6 %	(8.5) %	\$ 591.4	\$ 519.8	13.8 %
Operating Earnings per Common Share	\$ 1.77	\$ 1.28	\$ 1.92	38.3 %	(7.8) %	\$ 3.70	\$ 3.31	11.8 %
Operating Earnings - Adjusted	\$ 271.6	\$ 201.9	\$ 281.8	34.5 %	(3.6) %			
Operating Earnings per Common Share - Adjusted	\$ 1.70	\$ 1.27	\$ 1.75	33.9 %	(2.9) %			
<u>Pretax Operating Margin *</u>								
Aetna Inc.	9.9 %	8.1 %	10.9 %	1.8 pts.	(1.0) pts.	10.4 %	10.0 %	.4 pts.
Aetna Inc. - Adjusted	9.5 %	8.1 %	10.0 %	1.4 pts.	(.5) pts.			
<u>After-tax Operating Margin *</u>								
Aetna Inc.	6.3 %	5.1 %	7.0 %	1.2 pts.	(.7) pts.	6.6 %	6.4 %	.2 pts.
Aetna Inc. - Adjusted	6.1 %	5.1 %	6.4 %	1.0 pts.	(.3) pts.			
<u>Operating Expenses as % of Revenue *</u>								
Aetna Inc.	20.1 %	22.7 %	20.5 %	(2.6) pts.	(.4) pts.	20.3 %	22.8 %	(2.5) pts.
Health Care	21.8 %	25.0 %	22.3 %	(3.2) pts.	(.5) pts.	22.1 %	25.2 %	(3.1) pts.
Group Insurance	11.2 %	12.0 %	11.5 %	(.8) pts.	(.3) pts.	11.4 %	11.8 %	(.4) pts.
Large Case Pensions	2.8 %	2.4 %	2.7 %	.4 pts.	.1 pts.	2.7 %	2.5 %	.2 pts.
<u>Revenue by Segment *</u>								
Health Care	\$ 4,228.3	\$ 3,800.0	\$ 4,135.9	11.3 %	2.2 %	\$ 8,364.2	\$ 7,601.5	10.0 %
Group Insurance	460.0	457.7	472.8	.5 %	(2.7) %	932.8	911.3	2.4 %
Large Case Pensions	180.9	193.7	186.5	(6.6) %	(3.0) %	367.4	383.4	(4.2) %
Total Revenue	<u>\$ 4,869.2</u>	<u>\$ 4,451.4</u>	<u>\$ 4,795.2</u>	9.4 %	1.5 %	<u>\$ 9,664.4</u>	<u>\$ 8,896.2</u>	8.6 %
<u>Net Investment Income by Segment</u>								
Health Care	\$ 63.9	\$ 58.6	\$ 65.7	9.0 %	(2.7) %	\$ 129.6	\$ 124.4	4.2 %
Group Insurance	66.0	68.8	71.3	(4.1) %	(7.4) %	137.3	134.8	1.9 %
Large Case Pensions	130.3	145.9	134.5	(10.7) %	(3.1) %	264.8	290.1	(8.7) %
Total Net Investment Income	<u>\$ 260.2</u>	<u>\$ 273.3</u>	<u>\$ 271.5</u>	(4.8) %	(4.2) %	<u>\$ 531.7</u>	<u>\$ 549.3</u>	(3.2) %

* In order to provide a comparison that the Company believes provides useful information regarding its underlying performance, all operating earnings exclude an other item and net realized capital gains (losses) from income from continuing operations. In addition, operating margins exclude interest expense and amortization of other acquired intangibles; furthermore, pretax operating margin also excludes income taxes. Also, revenue excludes net realized capital gains (losses). Management uses these measures to assess business performance and to make decisions regarding its operations and allocation of resources among its businesses. The Company also displays certain metrics (e.g., medical cost ratios, operating earnings, operating earnings per common share and operating margins) excluding reserve development to reflect underlying current period health care costs and current and future benefits.

For a reconciliation of financial measures calculated under accounting principles generally accepted in the United States of America (GAAP), refer to pages 2-3 and 11-13.

Refer to page 14 for definitions of terms used.

Financial Statistics (Continued)
(\$ in Millions)

		Three Months Ended					Six Months Ended		
		Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Change Jun. 30, 2004 - Jun. 30, 2003	Change Jun. 30, 2004 - Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003	Change Jun. 30, 2004 - Jun. 30, 2003
Health Care Premiums									
Health Care Risk	(A)	\$ 3,648.0	\$ 3,276.1	\$ 3,557.8	11.4 %	2.5 %	\$ 7,205.8	\$ 6,545.1	10.1 %
Commercial Risk	(B)	\$ 3,411.0	\$ 3,044.6	\$ 3,326.2	12.0 %	2.5 %	\$ 6,737.2	\$ 6,089.8	10.6 %
Medicare	(C)	\$ 237.0	\$ 231.5	\$ 231.6	2.4 %	2.3 %	\$ 468.6	\$ 455.3	2.9 %
Health Care Costs									
<u>Health Care Risk</u>									
Health care costs (GAAP measure)	(D)	\$ 2,875.1	\$ 2,553.4	\$ 2,741.8	12.6 %	4.9 %	\$ 5,616.9	\$ 4,921.3	14.1 %
Favorable development of prior-period health care cost estimates		29.0	3.0	41.0					
Health care costs - Adjusted	(E)	\$ 2,904.1	\$ 2,556.4	\$ 2,782.8	13.6 %	4.4 %			
<u>Commercial Risk</u>									
Health care costs (GAAP measure)	(F)	\$ 2,672.1	\$ 2,345.5	\$ 2,546.3	13.9 %	4.9 %	\$ 5,218.4	\$ 4,536.8	15.0 %
Favorable development of prior-period health care cost estimates		26.0	9.0	36.0					
Health care costs - Adjusted	(G)	\$ 2,698.1	\$ 2,354.5	\$ 2,582.3	14.6 %	4.5 %			
<u>Medicare</u>									
Health care costs (GAAP measure)	(H)	\$ 202.8	\$ 207.9	\$ 195.6	(2.5) %	3.7 %	\$ 398.4	\$ 384.8	3.5 %
Favorable (unfavorable) development of prior-period health care cost estimates		3.0	(6.0)	5.0					
Health care costs - Adjusted	(I)	\$ 205.8	\$ 201.9	\$ 200.6	1.9 %	2.6 %			
Health Care Medical Cost Ratios *									
Health Care Risk (GAAP measure)	(D)/(A)	78.8 %	77.9 %	77.1 %	.9 pts.	1.7 pts.	77.9 %	75.2 %	2.7 pts.
Health Care Risk - Adjusted	(E)/(A)	79.6 %	78.0 %	78.2 %	1.6 pts.	1.4 pts.			
Commercial Risk (GAAP measure)	(F)/(B)	78.3 %	77.0 %	76.6 %	1.3 pts.	1.7 pts.	77.5 %	74.5 %	3.0 pts.
Commercial Risk - Adjusted	(G)/(B)	79.1 %	77.3 %	77.6 %	1.8 pts.	1.5 pts.			
Medicare (GAAP measure)	(H)/(C)	85.6 %	89.8 %	84.5 %	(4.2) pts.	1.1 pts.	85.0 %	84.5 %	.5 pts.
Medicare - Adjusted	(I)/(C)	86.8 %	87.2 %	86.6 %	(.4) pts.	.2 pts.			
Health Care Costs Payable		\$ 1,913.6	\$ 1,904.4	\$ 1,915.0					
Days Claims Payable		60.6 **	67.9	63.6					

** The decline of 3.0 days from March 31, 2004 was primarily due to a 1 day decline associated with the delayed effect on this quarter of the favorable reserve development reported in the first quarter of 2004, a .8 day decline related to a decrease in the number of days from the date of service to claim payment, a .5 day decline related to certain provider amounts and state pool liabilities that remained static, and a .5 day decline due to settlement of certain risk sharing provider liabilities.

Refer to page 14 for definitions of terms used.

Earnings Summary
(\$ in Millions, except per common share data)

	Three Months Ended			Six Months Ended	
	Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003
Summary of Results					
Health Care	\$ 264.0	\$ 175.7	\$ 288.4	\$ 552.4	\$ 469.0
Group Insurance	27.2	35.4	30.8	58.0	68.0
Large Case Pensions	7.9	9.4	6.1	14.0	16.2
Corporate Interest Expense	(16.5)	(16.6)	(16.5)	(33.0)	(33.4)
Operating earnings, excluding other item	282.6	203.9	308.8	591.4	519.8
Physician class action settlement	-	(75.0)	-	-	(75.0)
Operating earnings, including other item	282.6	128.9	308.8	591.4	444.8
Net realized capital gains	3.7	9.5	17.0	20.7	23.6
Income from continuing operations (GAAP measure)	286.3	138.4	325.8	612.1	468.4
Income from discontinued operations (1)	-	-	40.0	40.0	-
Net income (GAAP measure)	\$ 286.3	\$ 138.4	\$ 365.8	\$ 652.1	\$ 468.4
Operating earnings - Adjusted	\$ 271.6	\$ 201.9	\$ 281.8		
Favorable development of prior-period health care cost estimates	18.0	2.0	27.0		
Unfavorable prior-period mortality development	(7.0)	-	-		
Operating earnings, excluding other item	\$ 282.6	\$ 203.9	\$ 308.8		
Weighted average common shares - basic	153,175,295	153,180,761	153,918,359	153,551,488	152,085,422
Weighted average common shares - diluted	159,969,563	159,626,738	160,417,693	159,973,706	157,154,652
Summary of Results Per Common Share					
Operating earnings - Adjusted	\$ 1.70	\$ 1.27	\$ 1.75		
Favorable development of prior-period health care cost estimates	.11	.01	.17		
Unfavorable prior-period mortality development	(.04)	-	-		
Operating earnings, excluding other item	1.77	1.28	1.92	3.70	3.31
Physician class action settlement	-	(.47)	-	-	(.48)
Operating earnings, including other item	1.77	.81	1.92	3.70	2.83
Net realized capital gains	.02	.06	.11	.13	.15
Income from continuing operations (GAAP measure)	1.79	.87	2.03	3.83	2.98
Income from discontinued operations	-	-	.25	.25	-
Net income (GAAP measure)	\$ 1.79	\$.87	\$ 2.28	\$ 4.08	\$ 2.98

(1) Income from discontinued operations of approximately \$40 million for the three months ended March 31, 2004 and six months ended June 30, 2004 reflects the completion of certain Internal Revenue Service audits associated with businesses previously sold (former Aetna).

Consolidating Statements of Income (Loss) from Continuing Operations by Segment
(\$ in Millions)

	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Three Months Ended June 30, 2004					
Revenue:					
Premiums	\$ 3,648.0	\$ 386.5	\$ 47.9	\$ -	\$ 4,082.4
Administrative services contract fees	510.5	6.7	-	-	517.2
Net investment income	63.9	66.0	130.3	-	260.2
Other income	5.9	.8	2.7	-	9.4
Total revenue, excluding net realized capital gains (losses) *	4,228.3	460.0	180.9	-	4,869.2
Benefits and expenses:					
Health care costs (1)	2,875.1	-	-	-	2,875.1
Current and future benefits (2)	-	370.9	164.1	-	535.0
Operating expenses:					
Selling expenses	153.8	15.7	-	-	169.5
General and administrative expenses	769.1	35.7	5.0	-	809.8
Total operating expenses	922.9	51.4	5.0	-	979.3
Interest expense	-	-	-	25.2	25.2
Amortization of other acquired intangible assets	12.7	-	-	-	12.7
Total benefits and expenses	3,810.7	422.3	169.1	25.2	4,427.3
Operating earnings (loss), excluding income taxes (benefits)	417.6	37.7	11.8	(25.2)	441.9
Income taxes (benefits)	153.6	10.5	3.9	(8.7)	159.3
Operating earnings (loss)	264.0	27.2	7.9	(16.5)	282.6
Net realized capital gains (losses), net of tax	(1.4)	2.3	2.8	-	3.7
Income (loss) from continuing operations	\$ 262.6	\$ 29.5	\$ 10.7	\$ (16.5)	\$ 286.3
Three Months Ended June 30, 2003					
Revenue:					
Premiums	\$ 3,276.1	\$ 380.3	\$ 44.1	\$ -	\$ 3,700.5
Administrative services contract fees	463.5	7.7	-	-	471.2
Net investment income	58.6	68.8	145.9	-	273.3
Other income	1.8	.9	3.7	-	6.4
Total revenue, excluding net realized capital gains *	3,800.0	457.7	193.7	-	4,451.4
Benefits and expenses:					
Health care costs (3)	2,553.4	-	-	-	2,553.4
Current and future benefits	-	351.5	174.4	-	525.9
Operating expenses:					
Selling expenses	125.7	15.6	-	-	141.3
General and administrative expenses	824.5	39.3	4.6	-	868.4
Total operating expenses	950.2	54.9	4.6	-	1,009.7
Interest expense	-	-	-	25.5	25.5
Amortization of other acquired intangible assets	12.7	-	-	-	12.7
Total benefits and expenses	3,516.3	406.4	179.0	25.5	4,127.2
Operating earnings (loss), excluding income taxes (benefits) and other item	283.7	51.3	14.7	(25.5)	324.2
Income taxes (benefits)	108.0	15.9	5.3	(8.9)	120.3
Operating earnings (loss), excluding other item	175.7	35.4	9.4	(16.6)	203.9
Physician class action settlement, net of tax	(75.0)	-	-	-	(75.0)
Operating earnings (loss), including other item	100.7	35.4	9.4	(16.6)	128.9
Net realized capital gains, net of tax	5.3	1.1	3.1	-	9.5
Income (loss) from continuing operations	\$ 106.0	\$ 36.5	\$ 12.5	\$ (16.6)	\$ 138.4

(1) Includes favorable development of prior-period health care cost estimates of approximately \$29 million pretax (approximately \$18 million after tax) in the Health Care Segment.

(2) Includes unfavorable prior-period mortality development of approximately \$10 million pretax (approximately \$7 million after tax) in the Group Insurance Segment.

(3) Includes favorable development of prior-period health care cost estimates of approximately \$3 million pretax (approximately \$2 million after tax) in the Health Care Segment.

* Refer to pages 11-13 for reconciliations of revenue calculated under GAAP for all periods.

Refer to page 14 for definitions of terms used.

Consolidating Statements of Income (Loss) from Continuing Operations by Segment (Continued)
(\$ in Millions)

	Health Care	Group Insurance	Large Case Pensions	Corporate Interest	Consolidated
Six Months Ended June 30, 2004					
Revenue:					
Premiums	\$ 7,205.8	\$ 780.2	\$ 96.9	\$ -	\$ 8,082.9
Administrative services contract fees	1,015.8	13.6	-	-	1,029.4
Net investment income	129.6	137.3	264.8	-	531.7
Other income	13.0	1.7	5.7	-	20.4
Total revenue, excluding net realized capital gains *	<u>8,364.2</u>	<u>932.8</u>	<u>367.4</u>	<u>-</u>	<u>9,664.4</u>
Benefits and expenses:					
Health care costs	5,616.9	-	-	-	5,616.9
Current and future benefits	-	745.5	336.5	-	1,082.0
Operating expenses:					
Selling expenses	302.6	30.5	-	-	333.1
General and administrative expenses	1,544.5	75.4	10.0	-	1,629.9
Total operating expenses	<u>1,847.1</u>	<u>105.9</u>	<u>10.0</u>	<u>-</u>	<u>1,963.0</u>
Interest expense	-	-	-	50.7	50.7
Amortization of other acquired intangible assets	25.4	-	-	-	25.4
Total benefits and expenses	<u>7,489.4</u>	<u>851.4</u>	<u>346.5</u>	<u>50.7</u>	<u>8,738.0</u>
Operating earnings (loss), excluding income taxes (benefits)	874.8	81.4	20.9	(50.7)	926.4
Income taxes (benefits)	322.4	23.4	6.9	(17.7)	335.0
Operating earnings (loss)	<u>552.4</u>	<u>58.0</u>	<u>14.0</u>	<u>(33.0)</u>	<u>591.4</u>
Net realized capital gains, net of tax	5.7	10.2	4.8	-	20.7
Income (loss) from continuing operations	<u>\$ 558.1</u>	<u>\$ 68.2</u>	<u>\$ 18.8</u>	<u>\$ (33.0)</u>	<u>\$ 612.1</u>
 Six Months Ended June 30, 2003					
Revenue:					
Premiums	\$ 6,545.1	\$ 756.1	\$ 85.9	\$ -	\$ 7,387.1
Administrative services contract fees	928.1	18.6	-	-	946.7
Net investment income	124.4	134.8	290.1	-	549.3
Other income	3.9	1.8	7.4	-	13.1
Total revenue, excluding net realized capital gains *	<u>7,601.5</u>	<u>911.3</u>	<u>383.4</u>	<u>-</u>	<u>8,896.2</u>
Benefits and expenses:					
Health care costs	4,921.3	-	-	-	4,921.3
Current and future benefits	-	705.1	348.4	-	1,053.5
Operating expenses:					
Selling expenses	258.8	28.4	-	-	287.2
General and administrative expenses	1,653.9	79.3	9.7	-	1,742.9
Total operating expenses	<u>1,912.7</u>	<u>107.7</u>	<u>9.7</u>	<u>-</u>	<u>2,030.1</u>
Interest expense	-	-	-	51.4	51.4
Amortization of other acquired intangible assets	25.4	-	-	-	25.4
Total benefits and expenses	<u>6,859.4</u>	<u>812.8</u>	<u>358.1</u>	<u>51.4</u>	<u>8,081.7</u>
Operating earnings (loss), excluding income taxes (benefits) and other item	742.1	98.5	25.3	(51.4)	814.5
Income taxes (benefits)	273.1	30.5	9.1	(18.0)	294.7
Operating earnings (loss), excluding other item	<u>469.0</u>	<u>68.0</u>	<u>16.2</u>	<u>(33.4)</u>	<u>519.8</u>
Physician class action settlement, net of tax	(75.0)	-	-	-	(75.0)
Operating earnings (loss), including other item	<u>394.0</u>	<u>68.0</u>	<u>16.2</u>	<u>(33.4)</u>	<u>444.8</u>
Net realized capital gains, net of tax	13.9	3.6	6.1	-	23.6
Income (loss) from continuing operations	<u>\$ 407.9</u>	<u>\$ 71.6</u>	<u>\$ 22.3</u>	<u>\$ (33.4)</u>	<u>\$ 468.4</u>

* Refer to pages 11-13 for reconciliations of revenue calculated under GAAP for all periods.

Refer to page 14 for definitions of terms used.

Health Care and Group Insurance Enrollment
(Members in Thousands)

Products	June 30, 2004			June 30, 2003			December 31, 2003			March 31, 2004		
	Risk	ASC	Total	Risk	ASC	Total	Risk	ASC	Total	Risk	ASC	Total
Medical:												
Commercial	4,503	8,726	13,229	4,245	8,558	12,803	4,353	8,430	12,783	4,415	8,721	13,136
Medicare	100	-	100	108	-	108	105	-	105	102	-	102
Medicaid	-	110	110	-	116	116	-	114	114	-	106	106
Total Medical	<u>4,603</u>	<u>8,836</u>	<u>13,439</u>	<u>4,353</u>	<u>8,674</u>	<u>13,027</u>	<u>4,458</u>	<u>8,544</u>	<u>13,002</u>	<u>4,517</u>	<u>8,827</u>	<u>13,344</u>
Dental	<u>4,618</u>	<u>6,810</u>	<u>11,428</u>	<u>4,458</u>	<u>6,835</u>	<u>11,293</u>	<u>4,435</u>	<u>6,507</u>	<u>10,942</u>	<u>4,599</u>	<u>6,615</u>	<u>11,214</u>
Pharmacy (1)			<u>8,148</u>			<u>7,382</u>			<u>7,521</u>			<u>8,057</u>
Group Insurance:												
Group Life			10,158			9,381			10,000			10,045
Disability			2,223			2,118			2,085			2,141
Long-Term Care			213			199			203			208
Total Group Insurance			<u>12,594</u>			<u>11,698</u>			<u>12,288</u>			<u>12,394</u>
Aetna HealthFund® (2)			<u>197</u>			<u>40</u>			<u>44</u>			<u>183</u>

Regions	June 30, 2004			June 30, 2003			December 31, 2003			March 31, 2004		
	Risk	ASC	Total	Risk	ASC	Total	Risk	ASC	Total	Risk	ASC	Total
Northeast	1,095	1,295	2,390	1,036	1,233	2,269	1,054	1,221	2,275	1,063	1,293	2,356
Mid-Atlantic	1,000	1,468	2,468	881	1,485	2,366	927	1,457	2,384	973	1,473	2,446
Southeast	781	1,424	2,205	747	1,434	2,181	779	1,415	2,194	776	1,423	2,199
North Central	424	2,060	2,484	396	2,051	2,447	413	2,009	2,422	416	2,065	2,481
Southwest	558	1,376	1,934	527	1,309	1,836	529	1,294	1,823	557	1,368	1,925
West	664	1,206	1,870	699	1,158	1,857	693	1,144	1,837	653	1,198	1,851
Other	81	7	88	67	4	71	63	4	67	79	7	86
Total Medical	<u>4,603</u>	<u>8,836</u>	<u>13,439</u>	<u>4,353</u>	<u>8,674</u>	<u>13,027</u>	<u>4,458</u>	<u>8,544</u>	<u>13,002</u>	<u>4,517</u>	<u>8,827</u>	<u>13,344</u>
Risk/ASC %	<u>34.3%</u>	<u>65.7%</u>	<u>100.0%</u>	<u>33.4%</u>	<u>66.6%</u>	<u>100.0%</u>	<u>34.3%</u>	<u>65.7%</u>	<u>100.0%</u>	<u>33.9%</u>	<u>66.1%</u>	<u>100.0%</u>

(1) Pharmacy members include 7,743; 7,248; 7,244 and 7,693 thousand members receiving pharmacy benefit management services and 405; 134; 277 and 364 thousand members who purchased medications through Aetna's mail order pharmacy during the quarterly period at June 30, 2004; June 30, 2003; December 31, 2003 and March 31, 2004, respectively.

(2) Represents Aetna's Commercial members in consumer-directed health plan products.

Refer to page 14 for definitions of terms used.

Consolidated Balance Sheets
(**\$ in Millions**)

	<u>Jun. 30,</u> <u>2004</u>	<u>Dec. 31,</u> <u>2003</u>		<u>Jun. 30,</u> <u>2004</u>	<u>Dec. 31,</u> <u>2003</u>
Assets					
Current assets:					
Cash and cash equivalents	\$ 1,149.5	\$ 1,433.4		\$ 1,913.6	\$ 1,888.7
Investment securities	14,230.7	14,990.5		806.8	811.1
Other investments	55.3	103.1		654.8	624.3
Premiums receivable, net	270.5	318.4		113.7	203.7
Other receivables, net	309.4	396.0		708.3	1,044.5
Accrued investment income	212.8	221.5		1,134.7	827.4
Collateral received under securities loan agreements	1,134.7	827.4		223.0	154.7
Loaned securities	1,111.6	810.6		1,458.4	1,813.1
Deferred income taxes	213.1	217.6		<u>7,013.3</u>	<u>7,367.5</u>
Other current assets	<u>271.8</u>	<u>238.3</u>			
Total current assets	18,959.4	19,556.8			
Long-term investments	1,678.1	1,521.5		8,007.0	8,085.7
Mortgage loans	1,322.6	1,353.1		1,149.3	1,159.4
Investment real estate	278.0	270.4		1,460.0	1,529.7
Reinsurance recoverables	1,189.3	1,196.3		1,606.6	1,613.7
Goodwill, net	3,681.5	3,679.5		1,201.4	1,413.4
Other acquired intangible assets, net	470.7	496.1		<u>12,009.3</u>	<u>11,856.8</u>
Property and equipment, net	246.9	267.5		<u>32,446.9</u>	<u>33,026.2</u>
Deferred income taxes	550.3	396.0			
Other long-term assets	369.0	356.2			
Separate Accounts assets	<u>12,009.3</u>	<u>11,856.8</u>			
Total assets	<u>\$ 40,755.1</u>	<u>\$ 40,950.2</u>			
			Liabilities and shareholders' equity		
			Current liabilities:		
			Health care costs payable	\$ 1,913.6	\$ 1,888.7
			Future policy benefits	806.8	811.1
			Unpaid claims	654.8	624.3
			Unearned premiums	113.7	203.7
			Policyholders' funds	708.3	1,044.5
			Collateral payable under securities loan agreements	1,134.7	827.4
			Income taxes payable	223.0	154.7
			Accrued expenses and other current liabilities	<u>1,458.4</u>	<u>1,813.1</u>
			Total current liabilities	7,013.3	7,367.5
			Future policy benefits	8,007.0	8,085.7
			Unpaid claims	1,149.3	1,159.4
			Policyholders' funds	1,460.0	1,529.7
			Long-term debt	1,606.6	1,613.7
			Other long-term liabilities	1,201.4	1,413.4
			Separate Accounts liabilities	<u>12,009.3</u>	<u>11,856.8</u>
			Total liabilities	<u>32,446.9</u>	<u>33,026.2</u>
			Shareholders' equity		
			Common stock and additional paid-in capital	3,913.9	4,024.8
			Accumulated other comprehensive loss (1)	(565.0)	(408.0)
			Retained earnings	<u>4,959.3</u>	<u>4,307.2</u>
			Total shareholders' equity	<u>8,308.2</u>	<u>7,924.0</u>
			Total liabilities and shareholders' equity	<u>\$ 40,755.1</u>	<u>\$ 40,950.2</u>

(1) Includes net unrealized capital gains related to available for sale securities under FAS No. 115 of \$131.5 million and \$287.6 million at June 30, 2004 and December 31, 2003, respectively, and a minimum pension liability adjustment of (\$703.4) million at June 30, 2004 and December 31, 2003.

Combining Balance Sheets
(\$ in Millions)

	June 30, 2004			December 31, 2003		
	Health Care and Group Insurance	Large Case Pensions	Total	Health Care and Group Insurance	Large Case Pensions	Total
Assets						
Current assets:						
Cash and cash equivalents	\$ 1,070.4	\$ 79.1	\$ 1,149.5	\$ 1,328.3	\$ 105.1	\$ 1,433.4
Investment securities	8,359.2	5,871.5	14,230.7	8,469.1	6,521.4	14,990.5
Other investments	1.5	53.8	55.3	21.6	81.5	103.1
Premiums receivable, net	270.5	-	270.5	318.4	-	318.4
Other receivables, net	253.4	56.0	309.4	311.8	84.2	396.0
Accrued investment income	100.0	112.8	212.8	103.6	117.9	221.5
Collateral received under securities loan agreements	558.9	575.8	1,134.7	428.6	398.8	827.4
Loaned securities	547.6	564.0	1,111.6	419.9	390.7	810.6
Deferred income taxes	185.2	27.9	213.1	193.1	24.5	217.6
Other current assets	264.0	7.8	271.8	227.7	10.6	238.3
Total current assets	<u>11,610.7</u>	<u>7,348.7</u>	<u>18,959.4</u>	<u>11,822.1</u>	<u>7,734.7</u>	<u>19,556.8</u>
Long-term investments	1,114.5	563.6	1,678.1	993.1	528.4	1,521.5
Mortgage loans	467.7	854.9	1,322.6	446.4	906.7	1,353.1
Investment real estate	156.5	121.5	278.0	165.3	105.1	270.4
Reinsurance recoverables	1,172.2	17.1	1,189.3	1,178.3	18.0	1,196.3
Goodwill, net	3,681.5	-	3,681.5	3,679.5	-	3,679.5
Other acquired intangible assets, net	470.7	-	470.7	496.1	-	496.1
Property and equipment, net	143.1	103.8	246.9	150.8	116.7	267.5
Deferred income taxes	354.4	195.9	550.3	257.5	138.5	396.0
Other long-term assets	369.0	-	369.0	356.2	-	356.2
Separate Accounts assets	4.4	12,004.9	12,009.3	9.1	11,847.7	11,856.8
Total assets	<u>\$ 19,544.7</u>	<u>\$ 21,210.4</u>	<u>\$ 40,755.1</u>	<u>\$ 19,554.4</u>	<u>\$ 21,395.8</u>	<u>\$ 40,950.2</u>
Liabilities and shareholders' equity						
Current liabilities:						
Health care costs payable	\$ 1,913.6	\$ -	\$ 1,913.6	\$ 1,888.7	\$ -	\$ 1,888.7
Future policy benefits	88.7	718.1	806.8	86.3	724.8	811.1
Unpaid claims	654.3	.5	654.8	623.9	.4	624.3
Unearned premiums	106.1	7.6	113.7	197.8	5.9	203.7
Policyholders' funds	406.9	301.4	708.3	426.5	618.0	1,044.5
Collateral payable under securities loan agreements	558.9	575.8	1,134.7	428.6	398.8	827.4
Income taxes payable	227.5	(4.5)	223.0	171.9	(17.2)	154.7
Accrued expenses and other current liabilities	1,175.6	282.8	1,458.4	1,458.0	355.1	1,813.1
Total current liabilities	<u>5,131.6</u>	<u>1,881.7</u>	<u>7,013.3</u>	<u>5,281.7</u>	<u>2,085.8</u>	<u>7,367.5</u>
Future policy benefits	1,881.4	6,125.6	8,007.0	1,864.9	6,220.8	8,085.7
Unpaid claims	1,149.3	-	1,149.3	1,159.4	-	1,159.4
Policyholders' funds	596.4	863.6	1,460.0	612.1	917.6	1,529.7
Long-term debt	1,606.6	-	1,606.6	1,613.7	-	1,613.7
Other long-term liabilities	1,112.2	89.2	1,201.4	1,344.2	69.2	1,413.4
Separate Accounts liabilities	4.4	12,004.9	12,009.3	9.1	11,847.7	11,856.8
Total liabilities	<u>11,481.9</u>	<u>20,965.0</u>	<u>32,446.9</u>	<u>11,885.1</u>	<u>21,141.1</u>	<u>33,026.2</u>
Shareholders' equity						
Total shareholders' equity	<u>8,062.8</u>	<u>245.4</u>	<u>8,308.2</u>	<u>7,669.3</u>	<u>254.7</u>	<u>7,924.0</u>
Total liabilities and shareholder's equity	<u>\$ 19,544.7</u>	<u>\$ 21,210.4</u>	<u>\$ 40,755.1</u>	<u>\$ 19,554.4</u>	<u>\$ 21,395.8</u>	<u>\$ 40,950.2</u>

Condensed Combining Statements of Cash Flows
(\$ in Millions)

	Three Months Ended								
	Jun. 30, 2004			Jun. 30, 2003			Mar. 31, 2004		
	Health Care and Group Insurance	Large Case Pensions	Total	Health Care and Group Insurance	Large Case Pensions	Total	Health Care and Group Insurance	Large Case Pensions	Total
Cash flows from operating activities:									
Net income	\$ 275.6	\$ 10.7	\$ 286.3	\$ 125.9	\$ 12.5	\$ 138.4	\$ 357.7	\$ 8.1	\$ 365.8
Adjustments to reconcile net income to net cash provided by (used for) operating activities:									
Income from discontinued operations	-	-	-	-	-	-	(40.0)	-	(40.0)
Physician class action settlement charge	-	-	-	115.4	-	115.4	-	-	-
Amortization of other acquired intangible assets	12.7	-	12.7	12.7	-	12.7	12.7	-	12.7
Depreciation and other amortization	36.5	-	36.5	32.9	-	32.9	35.1	-	35.1
Amortization of net investment premium	10.4	.5	10.9	11.7	.9	12.6	11.7	.1	11.8
Net realized capital gains	(1.5)	(4.3)	(5.8)	(9.8)	(4.8)	(14.6)	(23.0)	(3.1)	(26.1)
Cash flow from operating activities before balance sheet changes	333.7	6.9	340.6	288.8	8.6	297.4	354.2	5.1	359.3
Changes in assets and liabilities:									
Decrease (Increase) in accrued investment income	5.2	3.4	8.6	(3.0)	(.8)	(3.8)	(1.6)	1.7	.1
Decrease (Increase) in premiums due and other receivables	36.1	.2	36.3	(2.6)	(.5)	(3.1)	(28.2)	(.5)	(28.7)
Net change in income taxes	(26.8)	7.2	(19.6)	(96.5)	(72.8)	(169.3)	200.7	4.8	205.5
Net change in other assets and other liabilities	46.6 (1)	7.8	54.4	13.7	3.0	16.7	(452.4)	13.9	(438.5)
Net increase (decrease) in health care and insurance liabilities	(93.5)	(104.2)	(197.7)	(101.8)	(70.7)	(172.5)	32.2	(58.7)	(26.5)
Other, net	3.6	(3.0)	.6	.3	(11.5)	(11.2)	(5.5)	(6.3)	(11.8)
Net cash provided by (used for) operating activities	<u>304.9</u>	<u>(81.7)</u>	<u>223.2</u>	<u>98.9</u>	<u>(144.7)</u>	<u>(45.8)</u>	<u>99.4</u>	<u>(40.0)</u>	<u>59.4</u>
Cash flows from investing activities:									
Proceeds from sales and investment maturities	2,234.1	1,160.4	3,394.5	1,377.2	1,988.9	3,366.1	2,347.6	1,009.6	3,357.2
Cost of investments	(2,073.5)	(952.7)	(3,026.2)	(1,375.1)	(1,849.6)	(3,224.7)	(2,862.2)	(876.0)	(3,738.2)
Increase in property and equipment	(39.5)	-	(39.5)	(40.8)	-	(40.8)	(34.2)	-	(34.2)
Net cash provided by (used for) investing activities	<u>121.1</u>	<u>207.7</u>	<u>328.8</u>	<u>(38.7)</u>	<u>139.3</u>	<u>100.6</u>	<u>(548.8)</u>	<u>133.6</u>	<u>(415.2)</u>
Cash flows from financing activities:									
Withdrawals of investment contracts, net	-	(96.5)	(96.5)	-	(113.3)	(113.3)	-	(156.2)	(156.2)
Common shares issued under benefit plans	43.6	-	43.6	173.1	-	173.1	140.4	-	140.4
Common shares repurchased	(53.6)	-	(53.6)	(175.5)	-	(175.5)	(363.8)	-	(363.8)
Other, net	(4.8)	.8	(4.0)	8.6	(4.6)	4.0	3.7	6.3	10.0
Net cash (used for) provided by financing activities	<u>(14.8)</u>	<u>(95.7)</u>	<u>(110.5)</u>	<u>6.2</u>	<u>(117.9)</u>	<u>(111.7)</u>	<u>(219.7)</u>	<u>(149.9)</u>	<u>(369.6)</u>
Net increase (decrease) in cash and cash equivalents	411.2	30.3	441.5	66.4	(123.3)	(56.9)	(669.1)	(56.3)	(725.4)
Cash and cash equivalents, beginning of period	659.2	48.8	708.0	1,653.2	270.2	1,923.4	1,328.3	105.1	1,433.4
Cash and cash equivalents, end of period	<u>\$ 1,070.4</u>	<u>\$ 79.1</u>	<u>\$ 1,149.5</u>	<u>\$ 1,719.6</u>	<u>\$ 146.9</u>	<u>\$ 1,866.5</u>	<u>\$ 659.2</u>	<u>\$ 48.8</u>	<u>\$ 708.0</u>

(1) Includes severance and facilities reserve payments of approximately \$10 million for the three months ended June 30, 2004.

Condensed Combining Statements of Cash Flows (Continued)
(\$ in Millions)

Six Months Ended

	Jun. 30, 2004			Jun. 30, 2003		
	Health Care and Group Insurance	Large Case Pensions	Total	Health Care and Group Insurance	Large Case Pensions	Total
Cash flows from operating activities:						
Net income	\$ 633.3	\$ 18.8	\$ 652.1	\$ 446.1	\$ 22.3	\$ 468.4
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Income from discontinued operations	(40.0)	-	(40.0)	-	-	-
Physician class action settlement charge	-	-	-	115.4	-	115.4
Amortization of other acquired intangible assets	25.4	-	25.4	25.4	-	25.4
Depreciation and other amortization	71.6	-	71.6	74.8	-	74.8
Amortization of net investment premium	22.1	6	22.7	21.9	2.8	24.7
Net realized capital gains	(24.5)	(7.4)	(31.9)	(26.9)	(9.4)	(36.3)
Cash flow from operating activities before balance sheet changes	687.9	12.0	699.9	656.7	15.7	672.4
Changes in assets and liabilities:						
Decrease (Increase) in accrued investment income	3.6	5.1	8.7	(8.7)	2.8	(5.9)
Decrease (Increase) in premiums due and other receivables	7.9	(.3)	7.6	54.9	(1.8)	53.1
Net change in income taxes	173.9	12.0	185.9	31.3	(72.4)	(41.1)
Net change in other assets and other liabilities	(405.8) (1)	21.7	(384.1)	(268.3)	14.3	(254.0)
Net decrease in health care and insurance liabilities	(61.3)	(162.9)	(224.2)	(334.5)	(140.2)	(474.7)
Other, net	(1.9)	(9.3)	(11.2)	(3.6)	(30.7)	(34.3)
Net cash provided by (used for) operating activities	<u>404.3</u>	<u>(121.7)</u>	<u>282.6</u>	<u>127.8</u>	<u>(212.3)</u>	<u>(84.5)</u>
Cash flows from investing activities:						
Proceeds from sales and investment maturities	4,581.7	2,170.0	6,751.7	4,806.0	4,394.0	9,200.0
Cost of investments	(4,935.7)	(1,828.7)	(6,764.4)	(4,839.7)	(3,950.3)	(8,790.0)
Increase in property and equipment	(73.7)	-	(73.7)	(67.1)	-	(67.1)
Net cash (used for) provided by investing activities	<u>(427.7)</u>	<u>341.3</u>	<u>(86.4)</u>	<u>(100.8)</u>	<u>443.7</u>	<u>342.9</u>
Cash flows from financing activities:						
Withdrawals of investment contracts, net	-	(252.7)	(252.7)	-	(214.4)	(214.4)
Common shares issued under benefit plans	184.0	-	184.0	208.8	-	208.8
Common shares repurchased	(417.4)	-	(417.4)	(189.2)	-	(189.2)
Other, net	(1.1)	7.1	6.0	4.9	(4.9)	-
Net cash (used for) provided by financing activities	<u>(234.5)</u>	<u>(245.6)</u>	<u>(480.1)</u>	<u>24.5</u>	<u>(219.3)</u>	<u>(194.8)</u>
Net (decrease) increase in cash and cash equivalents	(257.9)	(26.0)	(283.9)	51.5	12.1	63.6
Cash and cash equivalents, beginning of period	1,328.3	105.1	1,433.4	1,668.1	134.8	1,802.9
Cash and cash equivalents, end of period	<u>\$ 1,070.4</u>	<u>\$ 79.1</u>	<u>\$ 1,149.5</u>	<u>\$ 1,719.6</u>	<u>\$ 146.9</u>	<u>\$ 1,866.5</u>

(1) Includes severance and facilities reserve payments of approximately \$27 million and voluntary pension plan contributions of approximately \$245 million pretax (approximately \$159 million after-tax) for the six months ended June 30, 2004.

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure
(\$ in Millions, except per common share data)

		Three Months Ended			Six Months Ended	
		Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003
Reconciliation to Income from continuing operations before income taxes						
Operating earnings before income taxes, excluding interest expense, amortization of other acquired intangible assets, other item and net favorable development	(A)	\$ 460.8	\$ 359.4	\$ 481.7		
Favorable development of prior-period health care cost estimates		29.0	3.0	41.0		
Unfavorable prior-period mortality development		(10.0)	-	-		
Operating earnings before income taxes, excluding interest expense, amortization of other acquired intangible assets and other item	(B)	479.8	362.4	522.7	\$ 1,002.5	\$ 891.3
Interest expense		(25.2)	(25.5)	(25.5)	(50.7)	(51.4)
Amortization of other acquired intangible assets		(12.7)	(12.7)	(12.7)	(25.4)	(25.4)
Physician class action settlement		-	(115.4)	-	-	(115.4)
Net realized capital gains		5.8	14.6	26.1	31.9	36.3
Income from continuing operations before income taxes (GAAP measure)	(C)	<u>\$ 447.7</u>	<u>\$ 223.4</u>	<u>\$ 510.6</u>	<u>\$ 958.3</u>	<u>\$ 735.4</u>
Reconciliation to Income from continuing operations						
Operating earnings, excluding interest expense, amortization of other acquired intangible assets, other item and net favorable development	(D)	\$ 296.3	\$ 226.8	\$ 306.6		
Favorable development of prior-period health care cost estimates, net of tax		18.0	2.0	27.0		
Unfavorable prior-period mortality development, net of tax		(7.0)	-	-		
Operating earnings, excluding interest expense, amortization of other acquired intangible assets and other item	(E)	307.3	228.8	333.6	\$ 640.9	\$ 569.7
Interest expense, net of tax		(16.5)	(16.6)	(16.5)	(33.0)	(33.4)
Amortization of other acquired intangible assets, net of tax		(8.2)	(8.3)	(8.3)	(16.5)	(16.5)
Physician class action settlement, net of tax		-	(75.0)	-	-	(75.0)
Net realized capital gains, net of tax		3.7	9.5	17.0	20.7	23.6
Income from continuing operations (GAAP measure)	(F)	<u>\$ 286.3</u>	<u>\$ 138.4</u>	<u>\$ 325.8</u>	<u>\$ 612.1</u>	<u>\$ 468.4</u>
Reconciliation of Revenue						
Revenue, excluding net realized capital gains	(G)	\$ 4,869.2	\$ 4,451.4	\$ 4,795.2	\$ 9,664.4	\$ 8,896.2
Net realized capital gains		5.8	14.6	26.1	31.9	36.3
Total revenue (GAAP measure)	(H)	<u>\$ 4,875.0</u>	<u>\$ 4,466.0</u>	<u>\$ 4,821.3</u>	<u>\$ 9,696.3</u>	<u>\$ 8,932.5</u>
Operating margin						
Pretax operating margin	(B)/(G)	9.9 %	8.1 %	10.9 %	10.4 %	10.0 %
Pretax operating margin - Adjusted	(A)/(G)	9.5 %	8.1 %	10.0 %		
Pretax operating margin (GAAP measure)	(C)/(H)	9.2 %	5.0 %	10.6 %	9.9 %	8.2 %
After-tax operating margin	(E)/(G)	6.3 %	5.1 %	7.0 %	6.6 %	6.4 %
After-tax operating margin - Adjusted	(D)/(G)	6.1 %	5.1 %	6.4 %		
After-tax operating margin (GAAP measure)	(F)/(H)	5.9 %	3.1 %	6.8 %	6.3 %	5.2 %

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (Continued)
(\$ in Millions)

		Three Months Ended			Six Months Ended	
		Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003
Aetna Inc.						
Reconciliation of Operating Expenses						
Operating expenses, excluding physician class action settlement	(A)	\$ 979.3	\$ 1,009.7	\$ 983.7	\$ 1,963.0	\$ 2,030.1
Physician class action settlement		-	115.4	-	-	115.4
Total operating expenses (GAAP measure)	(B)	<u>\$ 979.3</u>	<u>\$ 1,125.1</u>	<u>\$ 983.7</u>	<u>\$ 1,963.0</u>	<u>\$ 2,145.5</u>
Reconciliation of Revenue						
Revenue, excluding net realized capital gains	(C)	\$ 4,869.2	\$ 4,451.4	\$ 4,795.2	\$ 9,664.4	\$ 8,896.2
Net realized capital gains		5.8	14.6	26.1	31.9	36.3
Total revenue (GAAP measure)	(D)	<u>\$ 4,875.0</u>	<u>\$ 4,466.0</u>	<u>\$ 4,821.3</u>	<u>\$ 9,696.3</u>	<u>\$ 8,932.5</u>
Operating expenses as a % of revenue						
Operating expenses as a % of revenue	(A)/(C)	20.1 %	22.7 %	20.5 %	20.3 %	22.8 %
Total operating expenses as a % of total revenue (GAAP measure)	(B)/(D)	20.1 %	25.2 %	20.4 %	20.2 %	24.0 %
Health Care						
Reconciliation of Operating Expenses						
Operating expenses, excluding physician class action settlement	(E)	\$ 922.9	\$ 950.2	\$ 924.2	\$ 1,847.1	\$ 1,912.7
Physician class action settlement		-	115.4	-	-	115.4
Total operating expenses (GAAP measure)	(F)	<u>\$ 922.9</u>	<u>\$ 1,065.6</u>	<u>\$ 924.2</u>	<u>\$ 1,847.1</u>	<u>\$ 2,028.1</u>
Reconciliation of Revenue						
Revenue, excluding net realized capital gains (losses)	(G)	\$ 4,228.3	\$ 3,800.0	\$ 4,135.9	\$ 8,364.2	\$ 7,601.5
Net realized capital gains (losses)		(2.2)	8.0	10.9	8.7	21.3
Total revenue (GAAP measure)	(H)	<u>\$ 4,226.1</u>	<u>\$ 3,808.0</u>	<u>\$ 4,146.8</u>	<u>\$ 8,372.9</u>	<u>\$ 7,622.8</u>
Operating expenses as a % of revenue						
Operating expenses as a % of revenue	(E)/(G)	21.8 %	25.0 %	22.3 %	22.1 %	25.2 %
Total operating expenses as a % of total revenue (GAAP measure)	(F)/(H)	21.8 %	28.0 %	22.3 %	22.1 %	26.6 %

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (Continued)
(\$ in Millions)

		Three Months Ended			Six Months Ended	
		Jun. 30, 2004	Jun. 30, 2003	Mar. 31, 2004	Jun. 30, 2004	Jun. 30, 2003
Group Insurance						
Total operating expenses (GAAP measure)	(A)	\$ 51.4	\$ 54.9	\$ 54.5	\$ 105.9	\$ 107.7
Reconciliation of Revenue						
Revenue, excluding net realized capital gains	(B)	\$ 460.0	\$ 457.7	\$ 472.8	\$ 932.8	\$ 911.3
Net realized capital gains		3.7	1.8	12.1	15.8	5.6
Total revenue (GAAP measure)	(C)	\$ 463.7	\$ 459.5	\$ 484.9	\$ 948.6	\$ 916.9
Operating expenses as a % of revenue						
Operating expenses as a % of revenue	(A)/(B)	11.2 %	12.0 %	11.5 %	11.4 %	11.8 %
Total operating expenses as a % of total revenue (GAAP measure)	(A)/(C)	11.1 %	11.9 %	11.2 %	11.2 %	11.7 %
Large Case Pensions						
Total operating expenses (GAAP measure)	(D)	\$ 5.0	\$ 4.6	\$ 5.0	\$ 10.0	\$ 9.7
Reconciliation of Revenue						
Revenue, excluding net realized capital gains	(E)	\$ 180.9	\$ 193.7	\$ 186.5	\$ 367.4	\$ 383.4
Net realized capital gains		4.3	4.8	3.1	7.4	9.4
Total revenue (GAAP measure)	(F)	\$ 185.2	\$ 198.5	\$ 189.6	\$ 374.8	\$ 392.8
Operating expenses as a % of revenue						
Operating expenses as a % of revenue	(D)/(E)	2.8 %	2.4 %	2.7 %	2.7 %	2.5 %
Total operating expenses as a % of total revenue (GAAP measure)	(D)/(F)	2.7 %	2.3 %	2.6 %	2.7 %	2.5 %

Definitions

Adjusted noted on a financial statistic indicates that the statistic excludes favorable development of prior-period health care cost estimates and unfavorable prior-period mortality development.

Health Care Risk includes all medical and dental risk products.

Commercial Risk includes all medical and dental risk products except Medicare and Medicaid.

Days Claims Payable reflects the number of days of medical cost expense contained in Health Care Costs Payable, associated with risk plans and is calculated based on actual number of days in each respective period.

Selling Expenses are comprised of broker commissions, the variable component of our internal sales force compensation and premium taxes.

Risk includes all medical and dental products for which the Company assumes all or a majority of health care cost, utilization or other risk.

Administrative Services Contracts ("ASC") include all medical, dental and disability products 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 or other risk.

Commercial includes HMO, POS, PPO and Indemnity products.

