



Aetna Inc.

The following is a summary of certain 2004 and 2005 projected financial information and metrics provided on Aetna's investor conference call on October 28, 2004. 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. 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 October 28, 2004 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. 2005 Guidance as of 10/28/2004 (Full-year unless otherwise noted)	Aetna Inc. 2004 Guidance as of 10/28/2004 (Full-year unless otherwise noted)
Aetna Inc. Operating Earnings (1)	≈ \$8.40 per share	≈ \$1,100 million \$7.00 per share 4Q04 \$1.75 per share
Revenue (excluding net realized capital gains or losses) (2)		≈ 10% growth
Total Operating Expenses (3)		Reduce ≈ \$60 million
General and Administrative Expense		Reduce ≈ \$170 million
Selling Expense		Increase ≈ \$110 million
Pretax Operating Margin (4)		≈ 9.0%
Total Debt to Total Capital Ratio Target		20%
Effective Tax Rate		36%
Corporate Interest Expense		≈ \$70 million
Information by Segment:		
Health Care		
Operating Earnings (1)		≈ \$1,015 million
Medical Membership	Growth ≈ 700k – 800k 1Q05 Growth ≈ 450k	Growth ≈ 600k – 750k
Commercial Risk Cost Trend (5) (6)		≈ 8.5%
Commercial Risk MCR (5) (7)	<80.0%	78.5% - 79.0%
Commercial Risk Premium Yield (5)	In line with cost trend	Slightly less than cost trend
Medicare Risk MCR (5) (7)		88.0% - 90.0%
Group Insurance		
Operating Earnings (1)		≈ \$130 million
LCP		
Operating Earnings (1)		≈ \$25 million

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



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Footnotes

(1) Projected 2004 and 2005 operating earnings and operating earnings per share exclude any future net realized capital gains or losses from income from continuing operations. The projected full year 2004 operating earnings and operating earnings per share also exclude the following after tax net realized capital gains reported by the Company for the nine months ended September 30, 2004: Aetna Inc. \$33.5 million; Health Care \$12.7 million, Group Insurance \$13.8 million and Large Case Pensions \$7.0 million. The Company is not able to project the amount of future net realized capital gains or losses and cannot therefore reconcile projected 2004 and 2005 operating earnings to projected income from continuing operations or reconcile to a projected change in income from continuing operations. Although the excluded item may recur, management believes that operating earnings and operating earnings per share provide a useful comparison of its underlying business performance from period to period. Management uses operating earnings to assess business performance and to make decisions regarding its operations and allocation of resources among its businesses.

Projected full year 2004 operating earnings and operating earnings per share for Aetna Inc. and the Health Care segment also exclude favorable development of prior-period health care cost estimates of approximately \$41 million pretax (approximately \$27 million after tax), which were included in the results reported for first quarter 2004, favorable development of prior-period health care cost estimates of approximately \$29 million pretax (approximately \$18 million after tax), which were included in the results reported for second quarter 2004 and favorable development of prior-period health care cost estimates of approximately \$22 million pretax (approximately \$14 million after tax), which were included in the results reported for third quarter 2004. Additionally, the projected full year 2004 operating earnings and operating earnings per share for Aetna Inc. and the Group Insurance segment exclude unfavorable prior-period mortality development of approximately \$10 million pretax (approximately \$7 million after tax), which were included in the results reported for second quarter 2004. The Company believes excluding these reserve developments better reflects the underlying current period health care costs and current and future benefits.

Projected full year and fourth quarter 2004 operating earnings and operating earnings per share for Aetna Inc. and the Health Care segment also exclude a pre-funding of the Aetna Foundation of approximately \$45 million pretax (approximately \$29 million or \$0.19 per share after tax), that the Company expects to make in the fourth quarter 2004. This represents a voluntary contribution that is over and above the Company's normal level of contributions for 2004.

Projected operating earnings per share for full year and fourth quarter 2004 assume approximately 157 million weighted average diluted shares and 154 million weighted average diluted shares, respectively.

(2) Revenue excludes net realized capital gains or losses (pretax), which are included in reported GAAP revenue. Full year 2003 revenue of \$17.91 billion excludes net realized capital gains of \$65.2 million; GAAP revenue was \$17.98 billion. The projected full year 2004 revenue excludes net realized capital gains (pretax) of \$51.5 million reported by the Company for the nine months ending September 30, 2004. The Company cannot reconcile the projected 2004 revenue to GAAP revenue as it cannot project net realized capital gains or losses. The Company may from time to time project revenue for the segments which cannot be reconciled for the same reasons.

(3) The projected reduction in operating expenses excludes the physician class action settlement of \$115.4 million pretax recorded in 2003. Including this settlement, GAAP operating expenses were \$4.15 billion for 2003. The projected reduction in operating expenses also excludes the pre-funding of the Aetna Foundation of approximately \$45 million pretax expected to be made in the fourth quarter 2004.

(4) Pretax operating margins are calculated by dividing pretax operating earnings, excluding 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. The projected 2004 pretax operating margin also excludes the favorable development of prior-period health care cost estimates and the unfavorable prior-period mortality development referred to in Footnote 1 above. The Company cannot reconcile the projected 2004 pretax operating margins to a comparable GAAP measure, as it cannot project net realized capital gains or losses.

(5) Commercial Risk includes all medical and dental risk products except Medicare and Medicaid. Risk includes all medical and dental products for which the Company assumes all or a majority of health care cost, utilization, or other risk.

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

(7) The projected 2004 and 2005 MCRs exclude the 2004 favorable development of prior-period health care cost estimates referred to in Footnote 1 above and any further prior-period reserve development, which the Company cannot project.



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ADDITIONAL INFORMATION; CAUTIONARY STATEMENT - The 2004 and 2005 guidance and other projected 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 re-contracting 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 or failure to achieve desired membership growth due to significant competition or other factors; increases in medical costs or Group Insurance claims resulting from any acts of terrorism or otherwise; the ability to reduce administrative expenses while maintaining targeted levels of service and operating performance, and to improve relations with providers while taking actions to reduce medical costs; the ability to successfully implement Aetna's new operating model to a projected growing membership base; lower levels of investment income from continued low interest rates; adverse government regulation (including legislative proposals eliminating or reducing ERISA pre-emption of state laws that would increase potential litigation exposure, and other proposals, such as patients' rights legislation, 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; our ability to integrate, simplify, and enhance our existing information technology system and platform to keep pace with changing customer and regulatory needs; and the outcome of various litigation and regulatory matters, including litigation and ongoing reviews of business practices by various regulatory authorities (including the current industry wide investigation into insurance brokerage practices concerning broker compensation arrangements, bid quoting practices and potential antitrust violations being conducted by the New York Attorney General and the Connecticut Attorney General, and for which the Company has received and may receive subpoenas, and related litigation). For more discussion of important risk factors that may materially affect Aetna, please see the risk factors contained in Aetna's 2003 Annual Report on Form 10-K, on file with the Securities and Exchange Commission. You also should read Aetna's 2003 Annual Report on Form 10-K and Aetna's 2004 third 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.

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