



Aetna

2002 Fourth Quarter

# Financial Supplement

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

	Three Months Ended (1) (2)					Twelve Months Ended (1) (3)			
	Dec. 31, 2002	Dec. 31, 2001	Sept. 30, 2002	Change Dec. 31, 2002 - Dec. 31, 2001	Change Dec. 31, 2002 - Sept. 30, 2002	Dec. 31, 2002	Dec. 31, 2001	Change Dec. 31, 2002 - Dec. 31, 2001	
<b><u>Operating Results from Continuing Operations *</u></b>									
Operating Earnings (Loss)	\$ 142.6	\$ (84.6)	\$ 151.5	268.6 %	(5.9) %	\$ 450.3	\$ (266.4)	269.0 %	
Operating Earnings (Loss) per Common Share (9)	\$ .92	\$ (.59)	\$ .98	255.9 %	(6.1) %	\$ 2.94	\$ (1.86)	258.1 %	
Cash Operating Earnings (Loss)	\$ 150.8	\$ (2.6)	\$ 164.4	5,900.0 %	(8.3) %	\$ 535.3	\$ 71.3	650.8 %	
Cash Operating Earnings (Loss) per Common Share (9)	\$ .97	\$ (.02)	\$ 1.06	4,950.0 %	(8.5) %	\$ 3.50	\$ .49	614.3 %	
<b><u>Pretax Operating Margin</u></b>									
Aetna Inc.	5.4 %	.4 %	5.7 %	5.0 pts.	(.3) pts.	4.6 %	.9 %	3.7 pts.	
Aetna Inc. - Adjusted (4)	4.7 %		4.5 %	4.3 pts.	.2 pts.				
Health Care	4.8 %	(.7) %	5.1 %	5.5 pts.	(.3) pts.	3.9 %	(.2) %	4.1 pts.	
Health Care - Adjusted (4)	3.9 %		3.7 %	4.6 pts.	.2 pts.				
Group Insurance	11.4 %	12.8 %	12.8 %	(1.4) pts.	(1.4) pts.	11.8 %	13.9 %	(2.1) pts.	
Large Case Pensions	4.5 %	2.5 %	2.8 %	2.0 pts.	1.7 pts.	4.1 %	4.1 %	- pts.	
<b><u>After-tax Operating Margin</u></b>									
Aetna Inc.	3.6 %	.4 %	3.8 %	3.2 pts.	(.2) pts.	3.1 %	.7 %	2.4 pts.	
Aetna Inc. - Adjusted (4)	3.1 %		3.0 %	2.7 pts.	.1 pts.				
Health Care	3.2 %	(.3) %	3.4 %	3.5 pts.	(.2) pts.	2.6 %	(.1) %	2.7 pts.	
Health Care - Adjusted (4)	2.6 %		2.5 %	2.9 pts.	.1 pts.				
Group Insurance	7.7 %	8.7 %	8.7 %	(1.0) pts.	(1.0) pts.	8.0 %	9.4 %	(1.4) pts.	
Large Case Pensions	3.0 %	1.6 %	1.8 %	1.4 pts.	1.2 pts.	2.6 %	2.6 %	- pts.	
<b><u>Operating Expenses as % of Revenue (5) (7)</u></b>									
Aetna Inc.	22.0 %	19.0 %	21.8 %	3.0 pts.	.2 pts.	21.3 %	18.0 %	3.3 pts.	
Health Care	24.6 %	20.3 %	24.1 %	4.3 pts.	.5 pts.	23.5 %	19.5 %	4.0 pts.	
Group Insurance	9.0 %	11.2 %	10.4 %	(2.2) pts.	(1.4) pts.	10.0 %	10.3 %	(.3) pts.	
Large Case Pensions	2.2 %	2.3 %	2.3 %	(.1) pts.	(.1) pts.	2.3 %	1.8 %	.5 pts.	
<b><u>Health Care Medical Cost Ratios</u></b>									
Health Care Risk (6)	80.9 %	88.9 %	81.2 %	(8.0) pts.	(.3) pts.	82.8 %	89.8 %	(7.0) pts.	
Health Care Risk - Adjusted (4)	81.9 %		82.7 %	(7.0) pts.	(.8) pts.				
Commercial Risk	80.5 %	89.0 %	81.3 %	(8.5) pts.	(.8) pts.	82.9 %	89.3 %	(6.4) pts.	
Commercial Risk - Adjusted (4)	81.6 %		82.5 %	(7.4) pts.	(.9) pts.				
Commercial HMO	80.4 %	89.7 %	81.4 %	(9.3) pts.	(1.0) pts.	83.2 %	90.3 %	(7.1) pts.	
Commercial HMO - Adjusted (4)	81.8 %		83.0 %	(7.9) pts.	(1.2) pts.				
Medicare HMO (6)	86.4 %	92.9 %	79.3 %	(6.5) pts.	7.1 pts.	82.2 %	93.7 %	(11.5) pts.	
Medicare HMO - Adjusted (4)			84.2 %		2.2 pts.				

\* All operating results exclude other items, net realized capital gains or losses, income from discontinued operations and cumulative effect adjustments, in order to provide a comparison that the Company believes better reflects its underlying business performance. An itemization of other items excluded from operating results and a reconciliation of operating results to net income (loss) under accounting principles generally accepted in the United States of America for the three month periods shown is presented as a footnote table within the Company's fourth quarter 2002 earnings press release.

Refer to page 12 for explanation of footnotes and definitions.

This document is supplemental to the Company's fourth quarter 2002 earnings press release and should be read in conjunction therewith and in conjunction with the Company's 2002 Form 10-K to be filed with the Securities and Exchange Commission. Please direct questions with respect to this material to Dennis Oakes, Vice President and Head of Investor Relations, Aetna Inc., 151 Farmington Avenue, RW3H, Hartford, Connecticut 06156. Telephone: 860-273-6184.

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**Financial Statistics (Continued)**

(\$ in Millions)

	Three Months Ended					Twelve Months Ended		
	Dec. 31, 2002	Dec. 31, 2001	Sept. 30, 2002	Change Dec. 31, 2002 - Dec. 31, 2001	Change Dec. 31, 2002 - Sept. 30, 2002	Dec. 31, 2002	Dec. 31, 2001	Change Dec. 31, 2002 - Dec. 31, 2001
<b>Revenue by Segment (7)</b>								
Health Care (1) (3)	\$ 4,054.9	\$ 5,398.6	\$ 4,167.8	(24.9) %	(2.7) %	\$ 17,154.0	\$ 22,167.8	(22.6) %
Group Insurance	449.7	417.1	440.3	7.8 %	2.1 %	1,766.9	1,700.9	3.9 %
Large Case Pensions	236.4	230.4	217.2	2.6 %	8.8 %	923.5	1,226.0	(24.7) %
Total Revenue	<u>\$ 4,741.0</u>	<u>\$ 6,046.1</u>	<u>\$ 4,825.3</u>	(21.6) %	(1.7) %	<u>\$ 19,844.4</u>	<u>\$ 25,094.7</u>	(20.9) %
<b>Health Care Premiums (1)</b>								
Health Care Risk	\$ 3,538.3	\$ 4,876.3	\$ 3,635.5	(27.4) %	(2.7) %	\$ 15,036.1	\$ 19,940.4	(24.6) %
Commercial Risk	\$ 3,299.5	\$ 4,393.4	\$ 3,391.4	(24.9) %	(2.7) %	\$ 14,014.6	\$ 17,799.5	(21.3) %
Commercial HMO	\$ 2,518.6	\$ 3,532.9	\$ 2,619.1	(28.7) %	(3.8) %	\$ 10,858.5	\$ 14,345.8	(24.3) %
Medicare HMO	\$ 238.7	\$ 479.0	\$ 245.1	(50.2) %	(2.6) %	\$ 1,013.1	\$ 1,995.7	(49.2) %
<b>Net Investment Income by Segment</b>								
Health Care	\$ 69.5	\$ 77.1	\$ 76.0	(9.9) %	(8.6) %	\$ 295.7	\$ 373.9	(20.9) %
Group Insurance	65.0	61.8	69.5	5.2 %	(6.5) %	269.5	286.0	(5.8) %
Large Case Pensions	183.9	164.9	151.2	11.5 %	21.6 %	685.5	751.7	(8.8) %
Total Net Investment Income	<u>\$ 318.4</u>	<u>\$ 303.8</u>	<u>\$ 296.7</u>	4.8 %	7.3 %	<u>\$ 1,250.7</u>	<u>\$ 1,411.6</u>	(11.4) %
<b>Health Care Costs Payable</b>	\$ 2,194.1	\$ 2,986.7	\$ 2,265.3					
<b>Days Claims Payable</b>	70.5	63.4	70.6					

Refer to page 12 for explanation of footnotes and definitions.

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

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2002	2001	2002	2001
<b>Continuing operations</b>				
Health Care before amortization of goodwill/other acquired intangible assets (1) (2) (3)	\$ 128.9	\$ (16.1)	\$ 446.6	\$ (27.6)
Amortization of goodwill (8)	-	(48.9)	-	(195.3)
Amortization of other acquired intangible assets	(8.2)	(33.1)	(85.0)	(142.4)
Health Care	120.7	(98.1)	361.6	(365.3)
Group Insurance	34.7	36.3	142.2	160.1
Large Case Pensions	7.1	3.8	24.2	31.6
Corporate Interest Expense	(19.9)	(26.6)	(77.7)	(92.8)
<b>Operating earnings (loss) from continuing operations</b>	<u>\$ 142.6</u>	<u>\$ (84.6)</u>	<u>\$ 450.3</u>	<u>\$ (266.4)</u>
Weighted average common shares - basic	<u>151,179,125</u>	<u>143,806,461</u>	<u>148,920,668</u>	<u>143,217,710</u>
Weighted average common shares - diluted	<u>154,885,692</u>	<u>146,498,254</u>	<u>152,960,047</u>	<u>145,740,082</u>
<b>Operating earnings (loss) from continuing operations per common share</b>				
Excluding other items (9)	<u>\$ .92</u>	<u>\$ (.59)</u>	<u>\$ 2.94</u>	<u>\$ (1.86)</u>
Including other items (9)	<u>\$ .73</u>	<u>\$ (1.45)</u>	<u>\$ 2.42</u>	<u>\$ (2.55)</u>
<b>Net Income (Loss)</b>				
(\$ in Millions)				
<b>Operating earnings (loss) from continuing operations, excluding other items</b>	\$ 142.6	\$ (84.6)	\$ 450.3	\$ (266.4)
Other items:				
<b>Health Care Segment:</b>				
Severance and facilities charge	(28.3)	(125.1)	(101.4)	(125.1)
Favorable (unfavorable) reserve developments related to Medicare markets exited January 1, 2001	-	1.1	-	(26.0)
Income tax reserve release (prior period related)	-	-	19.8	-
<b>Group Insurance Segment:</b>				
Severance and facilities charge	(.9)	-	(3.2)	-
Events of September 11, 2001	-	-	-	(9.0)
<b>Large Case Pensions Segment:</b>				
Reduction of reserve for anticipated future losses on discontinued products	-	-	5.4	61.4
<b>Operating earnings (loss) from continuing operations, including other items</b>	113.4	(208.6)	370.9	(365.1)
Net realized capital gains (loss)	(15.2)	9.6	22.3	73.6
<b>Income (loss) from continuing operations</b>	98.2	(199.0)	393.2	(291.5)
Income from discontinued operations (10)	-	11.4	50.0	11.4
<b>Income (loss) before cumulative effect adjustments</b>	98.2	(187.6)	443.2	(280.1)
Cumulative effect adjustments (11)	-	-	(2,965.7)	.5
<b>Net income (loss)</b>	<u>\$ 98.2</u>	<u>\$ (187.6)</u>	<u>\$ (2,522.5)</u>	<u>\$ (279.6)</u>

\* All operating results exclude other items, net realized capital gains or losses, income from discontinued operations and cumulative effect adjustments, in order to provide a comparison that the Company believes better reflects its underlying business performance. An itemization of other items excluded from operating results and a reconciliation of operating results to net income (loss) under accounting principles generally accepted in the United States of America for the three month periods shown is presented as a footnote table within the Company's fourth quarter 2002 earnings press release.

Refer to page 12 for explanation of footnotes and definitions.

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

	<b>Health Care</b>	<b>Group Insurance</b>	<b>Large Case Pensions</b>	<b>Corporate Interest</b>	<b>Consolidated</b>
<b>Three Months Ended December 31, 2002</b>					
Revenue:					
Premiums	\$ 3,538.3	\$ 372.7	\$ 47.7	\$ -	\$ 3,958.7
Administrative services contract fees	445.1	10.9	-	-	456.0
Net investment income	69.5	65.0	183.9	-	318.4
Other income	2.0	1.1	4.8	-	7.9
Total revenue, excluding net realized capital loss	<u>4,054.9</u>	<u>449.7</u>	<u>236.4</u>	<u>-</u>	<u>4,741.0</u>
Benefits and expenses:					
Health care costs (2)	2,861.7	-	-	-	2,861.7
Current and future benefits	-	358.3	220.4	-	578.7
Operating expenses	999.5	40.3	5.3	-	1,045.1
Interest expense	-	-	-	30.5	30.5
Amortization of other acquired intangible assets	12.7	-	-	-	12.7
Total benefits and expenses	<u>3,873.9</u>	<u>398.6</u>	<u>225.7</u>	<u>30.5</u>	<u>4,528.7</u>
Operating earnings (loss) from continuing operations, excluding income taxes (benefits) and other item	181.0	51.1	10.7	(30.5)	212.3
Income taxes (benefits)	60.3	16.4	3.6	(10.6)	69.7
<b>Operating earnings (loss) from continuing operations, excluding other item</b>	<u>120.7</u>	<u>34.7</u>	<u>7.1</u>	<u>(19.9)</u>	<u>142.6</u>
Severance and facilities charge, net of tax	(28.3)	(0.9)	-	-	(29.2)
<b>Operating earnings (loss) from continuing operations, including other item</b>	<u>92.4</u>	<u>33.8</u>	<u>7.1</u>	<u>(19.9)</u>	<u>113.4</u>
Net realized capital loss, net of tax	(3.9)	(8.4)	(2.9)	-	(15.2)
Income (loss) from continuing operations	<u>\$ 88.5</u>	<u>\$ 25.4</u>	<u>\$ 4.2</u>	<u>\$ (19.9)</u>	<u>\$ 98.2</u>
<b>Three Months Ended December 31, 2001</b>					
Revenue:					
Premiums	\$ 4,876.3	\$ 346.3	\$ 60.2	\$ -	\$ 5,282.8
Administrative services contract fees	437.1	8.0	-	-	445.1
Net investment income	77.1	61.8	164.9	-	303.8
Other income	8.1	1.0	5.3	-	14.4
Total revenue, excluding net realized capital gains (loss)	<u>5,398.6</u>	<u>417.1</u>	<u>230.4</u>	<u>-</u>	<u>6,046.1</u>
Benefits and expenses:					
Health care costs	4,335.4	-	-	-	4,335.4
Current and future benefits	-	317.1	219.3	-	536.4
Operating expenses	1,098.4	46.6	5.3	-	1,150.3
Interest expense	-	-	-	40.9	40.9
Amortization of goodwill and other acquired intangible assets	100.5	-	-	-	100.5
Total benefits and expenses	<u>5,534.3</u>	<u>363.7</u>	<u>224.6</u>	<u>40.9</u>	<u>6,163.5</u>
Operating earnings (loss) from continuing operations, excluding income taxes (benefits) and other items	(135.7)	53.4	5.8	(40.9)	(117.4)
Income taxes (benefits)	(37.6)	17.1	2.0	(14.3)	(32.8)
<b>Operating earnings (loss) from continuing operations, excluding other items</b>	<u>(98.1)</u>	<u>36.3</u>	<u>3.8</u>	<u>(26.6)</u>	<u>(84.6)</u>
Severance and facilities charge, net of tax	(125.1)	-	-	-	(125.1)
Favorable reserve developments related to Medicare markets exited January 1, 2001, net of tax	1.1	-	-	-	1.1
<b>Operating earnings (loss) from continuing operations, including other items</b>	<u>(222.1)</u>	<u>36.3</u>	<u>3.8</u>	<u>(26.6)</u>	<u>(208.6)</u>
Net realized capital gains (loss), net of tax	14.5	(1.1)	(3.8)	-	9.6
Income (loss) from continuing operations	<u>\$ (207.6)</u>	<u>\$ 35.2</u>	<u>\$ .0</u>	<u>\$ (26.6)</u>	<u>\$ (199.0)</u>

Refer to page 12 for explanation of footnotes and definitions.

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

	<b>Health Care</b>	<b>Group Insurance</b>	<b>Large Case Pensions</b>	<b>Corporate Interest</b>	<b>Consolidated</b>
<b>Twelve Months Ended December 31, 2002</b>					
Revenue:					
Premiums (1)	\$ 15,036.1	\$ 1,457.4	\$ 219.2	\$ -	\$ 16,712.7
Administrative services contract fees	1,806.6	36.0	-	-	1,842.6
Net investment income	295.7	269.5	685.5	-	1,250.7
Other income	15.6	4.0	18.8	-	38.4
Total revenue, excluding net realized capital gains (loss)	<u>17,154.0</u>	<u>1,766.9</u>	<u>923.5</u>	<u>-</u>	<u>19,844.4</u>
Benefits and expenses:					
Health care costs	12,452.8	-	-	-	12,452.8
Current and future benefits	-	1,380.5	865.0	-	2,245.5
Operating expenses	4,034.5	177.2	20.9	-	4,232.6
Interest expense	-	-	-	119.5	119.5
Amortization of other acquired intangible assets	130.8	-	-	-	130.8
Total benefits and expenses	<u>16,618.1</u>	<u>1,557.7</u>	<u>885.9</u>	<u>119.5</u>	<u>19,181.2</u>
Operating earnings (loss) from continuing operations, excluding income taxes (benefits) and other items	535.9	209.2	37.6	(119.5)	663.2
Income taxes (benefits)	174.3	67.0	13.4	(41.8)	212.9
<b>Operating earnings (loss) from continuing operations, excluding other items</b>	<u>361.6</u>	<u>142.2</u>	<u>24.2</u>	<u>(77.7)</u>	<u>450.3</u>
Severance and facilities charge, net of tax	(101.4)	(3.2)	-	-	(104.6)
Income tax reserve release (prior period related)	19.8	-	-	-	19.8
Reduction of reserve for anticipated future losses on discontinued products, net of tax	-	-	5.4	-	5.4
<b>Operating earnings (loss) from continuing operations, including other items</b>	<u>280.0</u>	<u>139.0</u>	<u>29.6</u>	<u>(77.7)</u>	<u>370.9</u>
Net realized capital gains (loss), net of tax	36.4	(14.0)	(.1)	-	22.3
Income (loss) from continuing operations	<u>\$ 316.4</u>	<u>\$ 125.0</u>	<u>\$ 29.5</u>	<u>\$ (77.7)</u>	<u>\$ 393.2</u>
<b>Twelve Months Ended December 31, 2001</b>					
Revenue:					
Premiums	\$ 19,940.4	\$ 1,378.6	\$ 453.0	\$ -	\$ 21,772.0
Administrative services contract fees	1,802.9	32.3	-	-	1,835.2
Net investment income	373.9	286.0	751.7	-	1,411.6
Other income (3)	50.6	4.0	21.3	-	75.9
Total revenue, excluding net realized capital gains (loss)	<u>22,167.8</u>	<u>1,700.9</u>	<u>1,226.0</u>	<u>-</u>	<u>25,094.7</u>
Benefits and expenses:					
Health care costs	17,898.9	-	-	-	17,898.9
Current and future benefits	-	1,289.8	1,154.7	-	2,444.5
Operating expenses	4,318.4	175.1	21.5	-	4,515.0
Interest expense	-	-	-	142.8	142.8
Amortization of goodwill and other acquired intangible assets	416.6	-	-	-	416.6
Total benefits and expenses	<u>22,633.9</u>	<u>1,464.9</u>	<u>1,176.2</u>	<u>142.8</u>	<u>25,417.8</u>
Operating earnings (loss) from continuing operations, excluding income taxes (benefits) and other items	(466.1)	236.0	49.8	(142.8)	(323.1)
Income taxes (benefits)	(100.8)	75.9	18.2	(50.0)	(56.7)
<b>Operating earnings (loss) from continuing operations, excluding other items</b>	<u>(365.3)</u>	<u>160.1</u>	<u>31.6</u>	<u>(92.8)</u>	<u>(266.4)</u>
Severance and facilities charge, net of tax	(125.1)	-	-	-	(125.1)
Unfavorable reserve developments related to Medicare markets exited January 1, 2001, net of tax	(26.0)	-	-	-	(26.0)
Events of September 11, 2001, net of tax	-	(9.0)	-	-	(9.0)
Reduction of reserve for anticipated future losses on discontinued products, net of tax	-	-	61.4	-	61.4
<b>Operating earnings (loss) from continuing operations, including other items</b>	<u>(516.4)</u>	<u>151.1</u>	<u>93.0</u>	<u>(92.8)</u>	<u>(365.1)</u>
Net realized capital gains (loss), net of tax	77.4	.3	(4.1)	-	73.6
Income (loss) from continuing operations	<u>\$ (439.0)</u>	<u>\$ 151.4</u>	<u>\$ 88.9</u>	<u>\$ (92.8)</u>	<u>\$ (291.5)</u>

Refer to page 12 for explanation of footnotes and definitions.

**Quarterly Segment Operating Results Summary - FAS 142 Pro Forma Basis \***  
(\$ in Millions, except per common share data)

<b>Reported</b>	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>	
	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2001</b>	<b>Sept. 30, 2002</b>	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2001</b>
Health Care before amortization of goodwill/other acquired intangible assets (1) (2) (3)	\$ 128.9	\$ (16.1)	\$ 140.8	\$ 446.6	\$ (27.6)
Amortization of goodwill (8)	-	(48.9)	-	-	(195.3)
Amortization of other acquired intangible assets	(8.2)	(33.1)	(12.9)	(85.0)	(142.4)
Health Care	120.7	(98.1)	127.9	361.6	(365.3)
Group Insurance	34.7	36.3	38.2	142.2	160.1
Large Case Pensions	7.1	3.8	3.9	24.2	31.6
Corporate Interest Expense	(19.9)	(26.6)	(18.5)	(77.7)	(92.8)
Operating earnings (loss) from continuing operations	\$ 142.6	\$ (84.6)	\$ 151.5	\$ 450.3	\$ (266.4)
Cash operating earnings (loss)	\$ 150.8	\$ (2.6)	\$ 164.4	\$ 535.3	\$ 71.3
Net income (loss)	\$ 98.2	\$ (187.6)	\$ 98.8	\$ (2,522.5)	\$ (279.6)
<u>Operating earnings (loss) per common share:</u>					
Operating earnings (loss) from continuing operations (9)	\$ .92	\$ (.59)	\$ .98	\$ 2.94	\$ (1.86)
Cash operating earnings (loss) (9)	\$ .97	\$ (.02)	\$ 1.06	\$ 3.50	\$ .49
Net income (loss) (9)	\$ .63	\$ (1.30)	\$ .64	\$ (16.49)	\$ (1.95)
<b>FAS 142 Pro Forma</b>	<b>Three Months Ended</b>			<b>Twelve Months Ended</b>	
	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2001</b>	<b>Sept. 30, 2002</b>	<b>Dec. 31, 2002</b>	<b>Dec. 31, 2001</b>
Health Care before amortization of other acquired intangible assets (1) (2) (3)	\$ 128.9	\$ (16.1)	\$ 140.8	\$ 446.6	\$ (27.6)
Amortization of other acquired intangible assets (12)	(8.2)	(32.0)	(12.9)	(85.0)	(134.3)
Health Care	120.7	(48.1)	127.9	361.6	(161.9)
Group Insurance	34.7	36.3	38.2	142.2	160.1
Large Case Pensions	7.1	3.8	3.9	24.2	31.6
Corporate Interest Expense	(19.9)	(26.6)	(18.5)	(77.7)	(92.8)
Operating earnings (loss) from continuing operations	\$ 142.6	\$ (34.6)	\$ 151.5	\$ 450.3	\$ (63.0)
Cash operating earnings (loss)	\$ 150.8	\$ (2.6)	\$ 164.4	\$ 535.3	\$ 71.3
Net income (loss)	\$ 98.2	\$ (137.6)	\$ 98.8	\$ (2,522.5)	\$ (76.2)
<u>Operating earnings (loss) per common share:</u>					
Operating earnings (loss) from continuing operations (9)	\$ .92	\$ (.24)	\$ .98	\$ 2.94	\$ (.44)
Cash operating earnings (loss) (9)	\$ .97	\$ (.02)	\$ 1.06	\$ 3.50	\$ .49
Net income (loss) (9)	\$ .63	\$ (.96)	\$ .64	\$ (16.49)	\$ (.53)
<u>Shares for calculation:</u>					
Weighted average common shares - basic	151,179,125	143,806,461	150,530,207	148,920,668	143,217,710
Weighted average common shares - diluted	154,885,692	146,498,254	155,075,987	152,960,047	145,740,082

\* All operating results exclude other items, net realized capital gains or losses, income from discontinued operations and cumulative effect adjustments, in order to provide a comparison that the Company believes better reflects its underlying business performance. An itemization of other items excluded from operating results and a reconciliation of operating results to net income (loss) under accounting principles generally accepted in the United States of America for the three month periods shown is presented as a footnote table within the Company's fourth quarter 2002 earnings press release.

Refer to page 12 for explanation of footnotes and definitions.

**Health Care and Group Insurance Enrollment**  
(Members in Thousands)

	December 31, 2002			September 30, 2002			Risk % Change	Total % Change	December 31, 2001			Risk % Change	Total % Change
	Risk	ASC	Total	Risk	ASC	Total			Risk	ASC	Total		
<b>Medical:</b>													
Commercial													
HMO (13)	3,948	1,349	5,297	4,108	1,348	5,456	(3.9)	(2.9)	6,712	1,086	7,798	(41.2)	(32.1)
POS	101	2,514	2,615	96	2,562	2,658	5.2	(1.6)	183	2,820	3,003	(44.8)	(12.9)
PPO	753	3,171	3,924	738	3,172	3,910	2.0	.4	907	3,168	4,075	(17.0)	(3.7)
Indemnity	106	1,517	1,623	112	1,528	1,640	(5.4)	(1.0)	204	1,691	1,895	(48.0)	(14.4)
Total Commercial	4,908	8,551	13,459	5,054	8,610	13,664	(2.9)	(1.5)	8,006	8,765	16,771	(38.7)	(19.7)
Medicare HMO	117	-	117	121	-	121	(3.3)	(3.3)	255	-	255	(54.1)	(54.1)
Medicaid HMO	-	102	102	-	160	160	-	(36.3)	15	129	144	(100.0)	(29.2)
Total Medical	5,025	8,653	13,678	5,175	8,770	13,945	(2.9)	(1.9)	8,276	8,894	17,170	(39.3)	(20.3)
Total Dental	4,740	7,027	11,767	4,798	7,065	11,863	(1.2)	(.8)	5,704	7,755	13,459	(16.9)	(12.6)
<b>Group Insurance:</b>													
Group Life			9,274			9,284		(.1)			9,211		.7
Disability			2,210			2,228		(.8)			2,140		3.3
Long-Term Care			180			178		1.1			129		39.5
Total Group Insurance			11,664			11,690		(.2)			11,480		1.6

	December 31, 2002			September 30, 2002			Risk % Change	Total % Change	December 31, 2001			Risk % Change	Total % Change
	Risk	ASC	Total	Risk	ASC	Total			Risk	ASC	Total		
<b>Regions:</b>													
Northeast	1,126	1,267	2,393	1,137	1,274	2,411	(1.0)	(0.7)	1,709	1,275	2,984	(34.1)	(19.8)
Mid-Atlantic	942	1,506	2,448	946	1,519	2,465	(0.4)	(0.7)	1,512	1,491	3,003	(37.7)	(18.5)
Southeast	847	1,395	2,242	873	1,402	2,275	(3.0)	(1.5)	1,373	1,443	2,816	(38.3)	(20.4)
North Central	487	2,032	2,519	508	2,031	2,539	(4.1)	(0.8)	1,065	2,165	3,230	(54.3)	(22.0)
Southwest	669	1,247	1,916	704	1,317	2,021	(5.0)	(5.2)	1,179	1,228	2,407	(43.3)	(20.4)
West	888	1,201	2,089	938	1,221	2,159	(5.3)	(3.2)	1,365	1,286	2,651	(34.9)	(21.2)
Other	66	5	71	69	6	75	(4.3)	(5.3)	73	6	79	(9.6)	(10.1)
Total Medical	5,025	8,653	13,678	5,175	8,770	13,945	(2.9)	(1.9)	8,276	8,894	17,170	(39.3)	(20.3)
Risk/ASC %	36.7%	63.3%	100.0%	37.1%	62.9%	100.0%	(.4) pts.		48.2%	51.8%	100.0%	(11.5) pts.	

Refer to page 12 for explanation of footnotes and definitions.

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

	<b>December 31, 2002</b>	<b>December 31, 2001 (14)</b>		<b>December 31, 2002</b>	<b>December 31, 2001 (14)</b>
<b>Assets</b>			<b>Liabilities and Shareholders' Equity</b>		
Current assets:			Current liabilities:		
Cash and cash equivalents	\$ 1,802.9	\$ 1,398.2	Health care costs payable	\$ 2,194.1	\$ 2,986.7
Investment securities	14,013.5	14,260.1	Future policy benefits	778.1	800.5
Other investments	358.0	171.7	Unpaid claims	590.0	544.4
Premiums receivable, net	392.0	572.7	Unearned premiums	184.1	208.0
Other receivables, net	286.2	528.0	Policyholders' funds	1,072.2	1,052.8
Accrued investment income	214.3	232.3	Collateral payable under securities loan agreements	969.0	621.7
Collateral received under securities loan agreements	969.0	621.7	Short-term debt	-	109.7
Loaned securities	948.2	608.1	Income taxes payable	322.5	147.4
Deferred income taxes	201.3	114.1	Accrued expenses and other current liabilities	1,608.8	1,590.6
Other current assets	163.9	185.9	<b>Total current liabilities</b>	<b>7,718.8</b>	<b>8,061.8</b>
<b>Total current assets</b>	<b>19,349.3</b>	<b>18,692.8</b>			
			Future policy benefits	8,333.3	8,621.5
Long-term investments	1,754.9	1,575.6	Unpaid claims	1,177.8	1,203.6
Mortgage loans	1,514.9	1,887.8	Policyholders' funds	1,867.3	2,245.1
Investment real estate	308.8	359.7	Long-term debt	1,633.2	1,591.3
Reinsurance recoverables	1,251.8	1,269.7	Other long-term liabilities	1,672.9	293.1
Goodwill, net	3,618.4	6,583.8	Separate Accounts liabilities	10,664.2	11,290.0
Other acquired intangible assets, net	546.9	703.0	<b>Total liabilities</b>	<b>33,067.5</b>	<b>33,306.4</b>
Property and equipment, net	244.8	327.0			
Deferred income taxes	582.5	360.5	<b>Shareholders' Equity</b>		
Other long-term assets	211.0	146.8	Common stock and additional paid-in capital	4,070.9	3,913.8
Separate Accounts assets	10,664.2	11,290.0	Accumulated other comprehensive income (loss) *	(470.4)	68.5
			Retained earnings	3,379.5	5,908.0
			<b>Total shareholders' equity</b>	<b>6,980.0</b>	<b>9,890.3</b>
<b>Total assets</b>	<b>\$ 40,047.5</b>	<b>\$ 43,196.7</b>	<b>Total liabilities and shareholders' equity</b>	<b>\$ 40,047.5</b>	<b>\$ 43,196.7</b>

\* Includes net unrealized capital gains of \$282.0 million and \$66.6 million at December 31, 2002 and December 31, 2001, respectively and a minimum pension liability of (\$755.2) million at December 31, 2002.

Refer to page 12 for explanation of footnotes and definitions.



**Combining Balance Sheet**  
**December 31, 2001 (14)**  
(\$ in Millions)

	<b>Health Care and Group Insurance</b>	<b>Large Case Pensions</b>	<b>Total</b>		<b>Health Care and Group Insurance</b>	<b>Large Case Pensions</b>	<b>Total</b>
<b>Assets</b>				<b>Liabilities and Equity</b>			
Current assets:				Current liabilities:			
Cash and cash equivalents	\$ 1,198.1	\$ 200.1	\$ 1,398.2	Health care costs payable	\$ 2,986.7	\$ -	\$ 2,986.7
Investment securities	7,313.4	6,946.7	14,260.1	Future policy benefits	83.1	717.4	800.5
Other investments	13.9	157.8	171.7	Unpaid claims	543.4	1.0	544.4
Premiums receivable, net	572.7	-	572.7	Unearned premiums	201.4	6.6	208.0
Other receivables, net	426.2	101.8	528.0	Policyholders' funds	280.7	772.1	1,052.8
Accrued investment income	97.8	134.5	232.3	Collateral payable under securities loan agreements	317.0	304.7	621.7
Collateral received under securities loan agreements	317.0	304.7	621.7	Short-term debt	109.7	-	109.7
Loaned securities	310.4	297.7	608.1	Income taxes payable	164.2	(16.8)	147.4
Deferred income taxes	113.6	.5	114.1	Accrued expenses and other current liabilities	1,306.1	284.5	1,590.6
Other current assets	165.4	20.5	185.9	Total current liabilities	5,992.3	2,069.5	8,061.8
Total current assets	10,528.5	8,164.3	18,692.8	Future policy benefits	1,901.6	6,719.9	8,621.5
Long-term investments	1,006.8	568.8	1,575.6	Unpaid claims	1,203.6	-	1,203.6
Mortgage loans	564.8	1,323.0	1,887.8	Policyholders' funds	734.9	1,510.2	2,245.1
Investment real estate	178.2	181.5	359.7	Long-term debt	1,591.3	-	1,591.3
Reinsurance recoverables	1,248.3	21.4	1,269.7	Other long-term liabilities	274.2	18.9	293.1
Goodwill, net	6,583.8	-	6,583.8	Separate Accounts liabilities	10.1	11,279.9	11,290.0
Other acquired intangible assets, net	703.0	-	703.0	Total liabilities	11,708.0	21,598.4	33,306.4
Property and equipment, net	119.6	207.4	327.0	<b>Equity</b>			
Deferred income taxes	187.0	173.5	360.5	Total equity	9,568.9	321.4	9,890.3
Other long-term assets	146.8	-	146.8				
Separate Accounts assets	10.1	11,279.9	11,290.0				
Total assets	\$ 21,276.9	\$ 21,919.8	\$ 43,196.7	Total liabilities and equity	\$ 21,276.9	\$ 21,919.8	\$ 43,196.7

Refer to page 12 for explanation of footnotes and definitions.

**Condensed Consolidated Statements of Cash Flows**  
(\$ in Millions)

	<b>Three Months Ended</b>				<b>Twelve Months Ended</b>
	<b>Dec. 31, 2002</b>	<b>Sept. 30, 2002</b>	<b>June 30, 2002</b>	<b>Mar. 31, 2002</b>	<b>Dec. 31, 2002</b>
Cash flows from operating activities:					
Net income (loss)	\$ 98.2	\$ 98.8	\$ 108.2	\$ (2,827.7)	\$ (2,522.5)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:					
Cumulative effect adjustment	-	-	-	2,965.7	2,965.7
Income from discontinued operations	-	-	-	(50.0)	(50.0)
Severance and facilities charges	45.0	89.0	27.0	-	161.0
Amortization of other acquired intangible assets	12.7	19.8	49.1	49.2	130.8
Depreciation and other amortization	44.7	44.4	40.0	41.6	170.7
Accretion of net investment premium (discount)	(1.5)	17.8	(.8)	(4.2)	11.3
Net realized capital (gains) loss	23.3	(6.8)	(45.4)	(5.4)	(34.3)
Subtotal	222.4	263.0	178.1	169.2	832.7
Changes in assets and liabilities:					
(Increase) decrease in accrued investment income	2.6	6.7	11.0	(2.3)	18.0
(Increase) decrease in premiums due and other receivables	162.5	(9.3)	56.4	143.3	352.9
Net change in income taxes	191.3 <b>A</b>	16.0	11.8	(.7)	218.4
Net change in other assets and other liabilities	70.6 <b>B</b>	(107.8)	26.5	(54.1)	(64.8)
Net decrease in health care and insurance liabilities	(72.0) <b>C</b>	(194.3)	(299.4)	(481.0)	(1,046.7)
Other, net	(12.6)	(10.3)	8.4	10.4	(4.1)
<b>Net cash provided by (used for) operating activities</b>	<b>564.8</b>	<b>(36.0)</b>	<b>(7.2)</b>	<b>(215.2)</b>	<b>306.4</b>
Cash flows from investing activities:					
Proceeds from sales and investment maturities	5,023.4	5,242.1	4,005.2	5,658.0	19,928.7
Cost of investments	(5,454.3)	(4,524.0)	(4,113.5)	(5,070.7)	(19,162.5)
Increase in property and equipment	(41.1)	(45.4)	(38.6)	(30.4)	(155.5)
<b>Net cash provided by (used for) investing activities</b>	<b>(472.0)</b>	<b>672.7</b>	<b>(146.9)</b>	<b>556.9</b>	<b>610.7</b>
Cash flows from financing activities:					
Withdrawals of investment contracts, net	(77.4)	(176.2)	(111.2)	(100.2)	(465.0)
Repayment of short-term debt	-	-	-	(109.7)	(109.7)
Common shares issued under benefit plans	8.1	10.4	185.6	29.4	233.5
Common shares acquired	(48.8)	(12.1)	(104.3)	-	(165.2)
Dividends paid to shareholders	(6.0)	-	-	-	(6.0)
<b>Net cash used for financing activities</b>	<b>(124.1)</b>	<b>(177.9)</b>	<b>(29.9)</b>	<b>(180.5)</b>	<b>(512.4)</b>
Net increase (decrease) in cash and cash equivalents	(31.3)	458.8	(184.0)	161.2	404.7
Cash and cash equivalents, beginning of period	1,834.2	1,375.4	1,559.4	1,398.2	1,398.2
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,802.9</b>	<b>\$ 1,834.2</b>	<b>\$ 1,375.4</b>	<b>\$ 1,559.4</b>	<b>\$ 1,802.9</b>
Net cash provided by (used for) operating activities (above)	\$ 564.8	\$ (36.0)	\$ (7.2)	\$ (215.2)	\$ 306.4
Change in reserves for Large Case Pensions	(43.4)	(51.5)	(78.7)	(98.6)	(272.2)
<b>Adjusted cash flow from operating activities</b>	<b>\$ 608.2</b>	<b>\$ 15.5</b>	<b>\$ 71.5</b>	<b>\$ (116.6)</b>	<b>\$ 578.6</b>

**A** Includes approximately \$165 million for a federal tax refund.

**B** Includes approximately \$41 million of severance and facilities reserve payments.

**C** Includes approximately \$95 million of net medical claim payments for reserves on lapsed members.

Refer to page 12 for explanation of footnotes and definitions.

## Footnotes

- (1) Commercial HMO premiums in the Health Care segment for the three months ended September 30, 2002 and the twelve months ended December 31, 2002 include 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.
- (2) Includes favorable development of prior-period medical cost estimates of approximately \$35 million pretax (approximately \$23 million after tax) for the three months ended December 31, 2002 and approximately \$27 million pretax (approximately \$17 million after tax) for the three months ended September 30, 2002 in the Health Care Segment.
- (3) The twelve months ended December 31, 2001 include \$20.2 million pretax (\$13.1 million after tax) of proceeds from the sale of the Company's New Jersey Medicaid membership in the Health Care segment.
- (4) Excludes impact of favorable items noted in footnotes (1) and (2) above.
- (5) Operating Expenses as a % of Revenue excludes other items.
- (6) The three months ended December 31, 2001 excludes \$1.7 million pretax (\$1.1 million after tax) of favorable reserve developments related to Medicare markets the Company exited January 1, 2001. The twelve months ended December 31, 2001 excludes \$39.9 million pretax (\$26.0 million after tax) of unfavorable reserve developments related to these markets.
- (7) Revenue excludes net realized capital gains or losses.
- (8) As a result of adopting a new accounting standard on goodwill and other intangible assets, *Goodwill and Other Intangible Assets* (FAS 142), subsequent to January 1, 2002, goodwill is no longer amortized.
- (9) Since the Company reported a loss from continuing operations for the three and twelve months ended December 31, 2001, the effect of common stock equivalents has been excluded from per common share computations for these periods, since including such securities would be anti-dilutive.
- (10) During the twelve months ended December 31, 2002, the Company released \$50.0 million of federal tax reserves resulting from the resolution of several Internal Revenue Service audit issues related to former Aetna's property and casualty business. During the three months and the twelve months ended December 31, 2001, the company released \$11.4 million of reserves for net costs associated with former Aetna's sale of its financial services and international businesses in 2000.
- (11) For 2002, this relates to the adoption of FAS 142. For 2001, this relates to the adoption of *Accounting for Derivative Instruments and Hedging Activities* (FAS 133).
- (12) Reflects reclassification of workforce intangible asset to goodwill upon adoption of FAS 142.
- (13) At December 31, 2002, Commercial HMO includes 1,067 thousand POS members who access primary care physicians and referred care through an HMO network. There were 1,067 thousand such members at September 30, 2002 and 1,475 thousand at December 31, 2001.
- (14) Certain reclassifications have been made to the 2001 financial information to conform to the 2002 presentation.

## Definitions

**Cash Operating Earnings (Loss)** are derived by adding back the amortization of goodwill and other acquired intangible assets to operating earnings (loss).

**Pretax/After-tax Operating Margins** are calculated by dividing pretax/after-tax operating earnings (loss) excluding other items, net realized capital gains or losses, interest expense and amortization of goodwill and other acquired intangible assets by total revenue excluding net realized capital gains or losses.

**Health Care Risk** includes all medical and dental risk products.

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

**Commercial HMO** includes all medical HMO products except Medicare and Medicaid.

**Days Claims Payable** reflects the number of days of medical cost expense contained in Health Care Costs Payable, including the other item in 2001, associated with risk plans and is calculated based on actual number of days in each respective period.

**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 and dental 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.