The **Difference** We Make

AETNA
ANNUAL REPORT 2007

We want you to know®

Aetna®

Financial Highlights

(Millions, except per common share data)

FOR THE YEAR	2007	2006	% CHANGE
Revenue	$27,599.6	$25,145.7	9.8
Operating Earnings[1]	1,837.1	1,647.9	11.5
Net Income	1,831.0	1,701.7	7.6
Operating Expense Ratio[2]	18.2%	18.8%	(3.2)
After-tax Operating Margin	6.6%	6.7%	(1.5)
AT YEAR END			
Assets	$50,724.7	$47,626.4	6.5
Shareholders' Equity	10,038.4	9,145.1	9.8
Market Capitalization	28,649.5	22,280.3	28.6
Common Shares Outstanding	496.3	516.0	(3.8)
PER COMMON SHARE			
Operating Earnings[1]	$3.49	$2.90	20.3
Net Income	3.47	2.99	16.1

[1] Operating earnings excludes from net income: net realized capital (losses) gains of $(48) million, ($(74) million pretax) in 2007 and $24 million ($32 million pretax) in 2006; a reduction of the reserve for anticipated future losses on discontinued products of $42 million ($64 million pretax) in 2007 and $75 million ($115 million pretax) in 2006; the write-off of a $72 million ($47 million after tax) insurance recoverable related to a prior-year class action settlement in 2006; a debt refinancing charge of $12 million ($8 million after tax) associated with our debt refinancing in 2006; and an impairment of $8 million ($6 million after tax) of previously capitalized software due to the acquisition of a more multifunctional system in our acquisition of Broadspire Disability in 2006.

[2] The operating expense ratio (GAAP basis) was 18.3% in 2007 and 19.2% in 2006. The operating expense ratio excludes net realized capital (losses) gains from total revenue as discussed in Note 1 above and also excludes the prior-year class action settlement insurance-related charge, debt refinancing charge and acquisition-related software charge from operating expenses as discussed in Note 1 above.

The foregoing financial information should be read in conjunction with the financial statements and related notes as presented in Aetna's 2007 Annual Report, Financial Report to Shareholders.

The **difference** we make ...

In this report, we will detail the many ways that Aetna is making a difference to a number of important constituencies:

- **To our members and customers**: We are providing innovative products and services — and peace of mind — to meet their specific needs.
- **To the communities where we live and work**: We have a substantive and proactive view of corporate social responsibility, which includes thought leadership, philanthropy and respecting our environment.
- **To the health care system**: We are determined to be a leader in shaping the future of health care, with the goal of increasing access and affordability for all Americans.
- **To our country**: Our employees have a long record of service to the nation, which we gratefully acknowledge.
- **To our shareholders**: We are constantly striving to provide a superior return on investment.

To our **shareholders**

Giving people reasons to choose Aetna

We have just completed another successful year at Aetna. I wrote in last year's annual report that when we looked back on 2007, we would be able to say that Aetna made a difference for millions of people and enhanced the value of our company. In this year's report, I am pleased to highlight some of the ways that was accomplished by our 35,000 talented employees.

Running our business in a manner that is consistent with our values has solidified our position as a respected leader and brand in our industry.

For our shareholders, we recognize the importance of Aetna's accomplishments in terms of financial results. But we also believe our shareholders care about how we achieve those results — how we make a difference for the people we serve.

For millions of members, doing business with Aetna means helping them achieve better health, return to good health after an illness or gain peace of mind, knowing they are protected financially from health-related risks. For employers, physicians and public policy leaders, working with Aetna means having a partner that is committed to making the whole system work better for everyone. For our fellow citizens in the communities where we work, it means the presence of a socially responsible corporate citizen.

At Aetna, we live by a set of core values that puts the people who use our services at the center of everything we do. Running our business in a manner that is consistent with our values has solidified our position as a respected leader and brand in our industry. In fact, we recently topped *Fortune* magazine's 2008 Most Admired Companies list among health care insurance and managed care companies. I believe this ranking is a tribute to the quality and hard work of our employees.

The values we believe in at Aetna

The difference we made for our shareholders

2007 was another strong year for Aetna in terms of delivering results for our shareholders. The financial highlights included:

- Our revenues increased 10 percent over 2006, to $27.6 billion.
- Operating earnings per share increased 20 percent over 2006, to $3.49 per share.
- Organic net medical membership increased by 730,000 members.
- Our total medical membership grew to nearly 17 million members, including members from the strategic acquisitions of Schaller Anderson and Goodhealth Worldwide.
- Aetna's market capitalization increased by $6.4 billion, or 29 percent, from Dec. 31, 2006, to Dec. 31, 2007.

Aexcel®, Aetna's performance-based network, expanded to a total of 35 markets, effective Jan. 1, 2008. Consumer-directed health plans membership increased to 994,000 members at the end of 2007, up 47 percent from 2006.

We are working with others to reach underserved populations on a broader scale:

- In 2007, we began working with AARP and the HR Policy Association to offer affordable medical benefits for pre- and post-65 retirement populations and their families.
- More recently, we announced a new alliance with Magic Johnson Enterprises to amplify our efforts to reach underserved populations — such as small business owners and entrepreneurs — in key urban markets.

Our success was driven by a number of factors: We increased our membership and revenues; we continued to manage medical costs effectively and pursue efforts to enhance the quality of medical care for our customers and members; we continued to operate more efficiently; and we deployed capital to strengthen our current businesses and open up new market opportunities for Aetna.

A well-executed strategy makes a difference for customers and members

Our accomplishments were the direct result of Aetna's strategy, which has remained focused on segmentation, integration, consumerism and operational excellence. This strategy, methodically and skillfully executed by Aetna employees, has helped differentiate Aetna from its competitors.

Segmentation — meeting distinct customers' needs

By identifying the needs and nuances of different customer groups within a certain population or geography, we can create solutions that will be most meaningful for their particular situations. Our Chickering student health insurance business, for example, provides college and university students — and their parents — affordable peace of mind. It's a value proposition that is resonating in the market, and Chickering had record sales in 2007.

The expansion of our small group, individual and Medicare Advantage product offerings into additional states is helping us to further increase access to affordable products for different segments of the marketplace, as well as diversify our revenue stream. And our two strategic acquisitions, Schaller Anderson and Goodhealth Worldwide, are helping to position us for future growth. Schaller Anderson provides us with expert capabilities to reach an underserved Medicaid population. Globally, Goodhealth Worldwide strengthens Aetna Global Benefits' offerings and expands our expatriate products into international markets.

In a five-year study of 1.6 million Aetna members, employers that offered an Aetna HealthFund® consumer-directed health plan lowered their health care cost trend and saved money, while their employees continued to use preventive and chronic care services, and increased their engagement in their own health.

Integration — helping to improve quality and costs

We have invested in an integrated approach to benefits, which includes the integration of ActiveHealth Management's proprietary CareEngine® technology. Increasingly, our customers are seeing the capabilities we can provide — a complete view of members analyzed against best-practice clinical standards. This has translated into multiple product sales and continued membership growth across our behavioral, pharmacy and dental products.

To be able to compete in our industry in the future, we believe companies will have to invest significantly in disease management, prevention and wellness, and education programs that engage members in their own health status. If a member can understand his or her condition or conditions, knows what to bring to his or her doctor's attention and how to comply with a treatment program, we believe the result will be better quality of life for the member, lower cost for the health payer and ultimately lower cost to the health care system.

Consumerism — engaging members in their health

Consumerism is another key dimension of our strategy. Last year we continued to advance Aetna's leadership in this area; taking steps to increase access to affordable health care, and give people more clarity about how the system works and how they can derive value from it.

In addition to Aetna's own initiatives — the expansion of online quality and price transparency tools and information as well as the introduction of our CareEngine-powered Personal Health Record — Aetna's leaders and I have been actively involved in policy discussions with key business groups, Congress, governors and state legislators to drive the movement toward more transparent and useful information for a true consumer-driven marketplace.

Outreach to members

In 2007, more than 1 million members were called by Aetna's care management staff.

We compete on the overall value we bring to our customers, and our performance shows we are delivering. Our customer base has never been more diverse.

Aetna's To Your Health! *plan to transform the health care system is grounded in five core beliefs.*

Operational excellence — serving all of our constituents with a standard of excellence

As health care costs rise, we need to make sure we use money wisely, where it adds value for our customers and members. To that end, we have demonstrated consistent progress in reducing our general and administrative costs as a percentage of revenue, even as we have continued to make investments to profitably grow our business and enhance our technology infrastructure to better serve customers and members.

Together, these strategic elements are making a difference for our customers and members, and giving them tangible reasons to choose Aetna. This focus on providing customers and members with innovative products, integrated solutions and best-in-class service has resulted in profitable growth for Aetna and great results for our shareholders. We compete on the overall value we bring to our customers, and our performance shows we are delivering. Our customer base has never been more diverse.

Making a difference with achievable victories

With the presidential election just months away, health care and health care reform will be front and center. In our view, reform starts with achievable victories — practical solutions and partnerships that improve care and increase access and affordability.

Last year, Aetna developed a 10-point plan called *To Your Health!* which laid out exactly how we believe we can transform the U.S. health care system. The plan has been very well received in many different forums and among various constituencies because it provides common ground for how we can achieve universal coverage, increase the affordability of health insurance and health care, strengthen consumer choice and flexibility, and improve health care quality and patient safety.

At Aetna, we never lose sight of the people who use our services. It's our unwavering focus on them that has produced great accomplishments over the years and has continued to drive Aetna's strong financial performance.

We continue to take action steps to support the *To Your Health!* framework. For example, we recently called on Aetna's U.S.-based suppliers to offer their domestic employees access to health care benefits. We believe offering health care coverage is every employer's corporate social responsibility.

No single person or group can do it alone, but everyone has a responsibility to help. We must have a public/private partnership that considers realistic approaches on how we can best help improve health care quality, access and affordability for all Americans.

The difference we make for members

The concrete actions that we took in 2007 have put us on a course for continued success in 2008. At Aetna, we never lose sight of the people who use our services. It's our unwavering focus on them that has produced great accomplishments over the years and has continued to drive Aetna's strong financial performance.

I hope when you read our members' and other stories in this year's report, you are as inspired as I am that what we do at Aetna really has made, and will continue to make, a difference for society. Indeed, I believe we have laid the foundation for being *the* most customer-preferred company in our industry.

Thank you for your investment in Aetna.

Ronald A. Williams
Chairman and Chief Executive Officer

Transforming health care is a civic responsibility

A key component of Aetna's *To Your Health!* 10-point plan to transform the U.S. health care system is the notion of civic responsibility. Every individual in America should have access to affordable, quality health care.

As another step toward achieving universal coverage, we now have called on Aetna's vendors to offer health care coverage to their employees.

Already part of our vendor evaluation process, Aetna's goal by Jan. 1, 2010, is to have at least 80 percent of our U.S.-based business suppliers offer their domestic employees access to health care benefits.

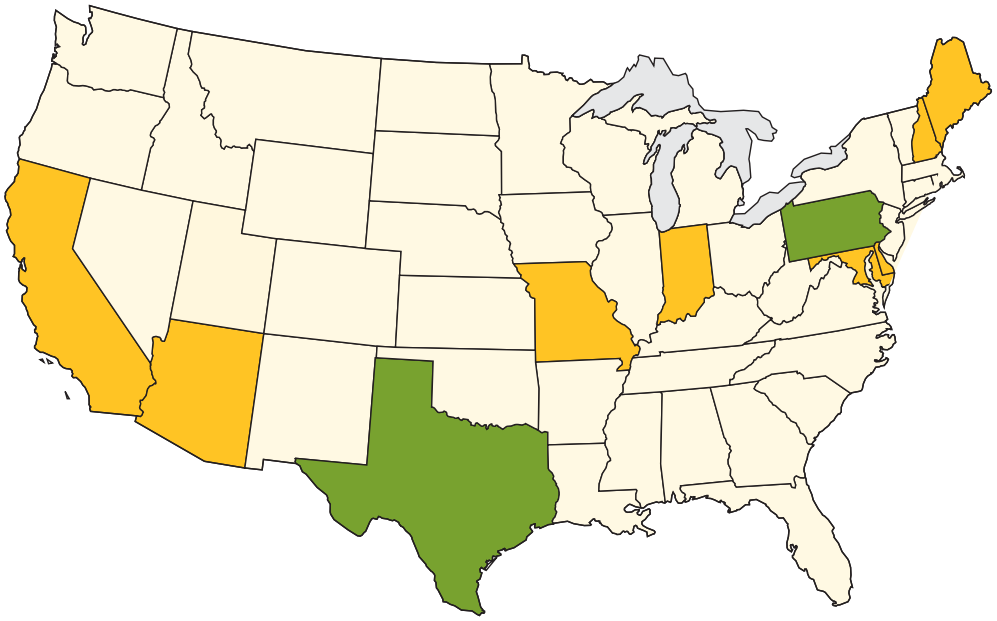
At Aetna, we believe that being a leader means not only meeting business expectations, but also exercising social responsibility. We expect nothing less from the companies that do business with Aetna.

Acquisitions and **expansions**

Growing at home and abroad

Aetna's acquisitions in 2007 look to a future in which Aetna is able to make a difference in new and unique ways. Aetna's vision for a healthier future extends from the smallest corners of our cities and towns, to a world away in places such as Shanghai.

Our 2007 acquisitions and expansions will allow us to extend our reach farther across the globe, to make a broader package of expatriate offerings available to individuals and multinational corporate clients. At the same time, Aetna has carved out a new path to service for an important subset of the population at home — those receiving health care services through Medicaid.



2007 expansion of Aetna Medicaid business with Schaller Anderson acquisition

States where Aetna previously provided Medicaid services

Schaller Anderson

On July 31, 2007, Aetna completed its acquisition of Phoenix-based Schaller Anderson, a leading provider of health care management services for Medicaid plans. Schaller Anderson also manages commercial self-funded health plans and behavioral health services in select markets.

As of the acquisition date, our combined Medicaid business unit became an organization of almost 2,000 professionals dedicated to serving more than 1.3 million members. Schaller Anderson's wholly owned subsidiaries operate ASO (Administrative Services Organization) and risk Medicaid services for approximately 600,000 individuals in Arizona, California, Delaware, Maine, Maryland, Missouri and Texas. Schaller Anderson also provides employer-sponsored benefits, medical management and other services under ASO arrangements.

Approximately 100,000 members are enrolled through employer-sponsored commercial plans. Although largely focused on the Medicaid market, Schaller Anderson provides behavioral health benefits and Employee Assistance Programs for 450,000 individuals covered by public programs, group health plans or employers in Arizona and Delaware. Schaller Anderson provides medical management services in Maine and Arizona, and care management services in New Hampshire.

Goodhealth Worldwide

On October 1, 2007, Aetna completed its acquisition of London-headquartered Goodhealth Worldwide. Goodhealth is a leading managing general underwriter (or underwriting agent) for international private medical insurance for individuals, small and medium-sized enterprises, and large multinational clients around the world for their expatriate benefits.

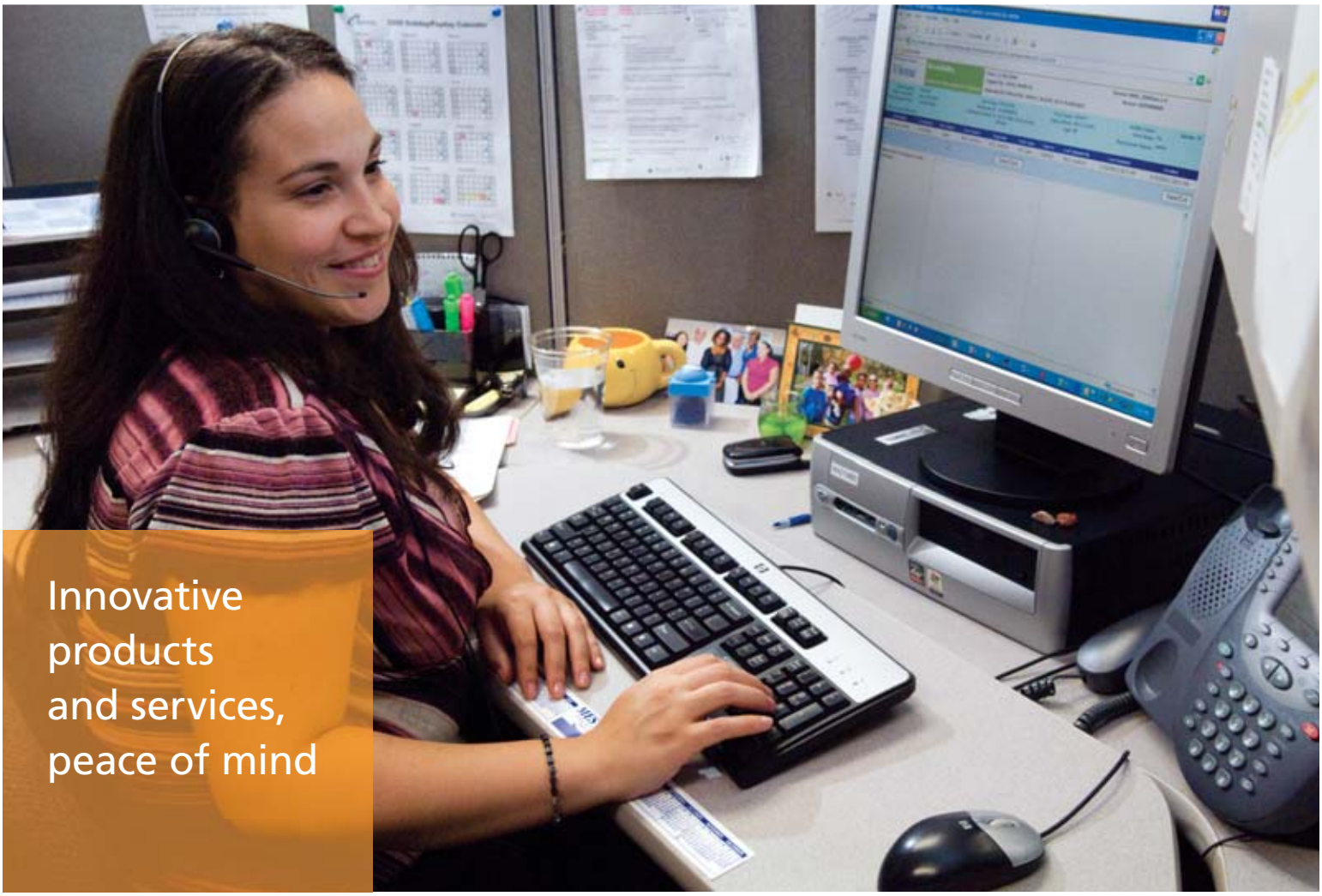
Goodhealth now is a unit of Aetna Global Benefits, the company's international operations. Aetna Global Benefits now has operations in Europe, Asia and the Middle East. The acquisition broadens Aetna Global Benefits' expatriate offerings through access to new customers and new geographies in Europe, Asia, the Middle East, Africa and Latin America. The move enhanced Aetna's global capabilities through technology and local service, making Aetna Global Benefits the largest U.S.-based expatriate health insurance carrier.

Expanding business in Europe

In October 2007, Aetna further expanded its global capabilities when it was appointed one of the suppliers on England's Framework for Procuring External Support for Commissioners (FESC) to offer a wide range of support to Primary Care Trusts (PCTs), part of the National Health Service (NHS) in England. PCTs develop health care plans that best meet the needs of their individual patient populations and commission services with providers. The FESC will provide PCTs with easy access to a framework of expert suppliers who can support them in undertaking their commissioning work. Aetna was one of 14 companies named to the FESC and has subsequently begun to build a business in London to service this important venture.

Services that Aetna will offer to local PCT managers range from specific tasks such as designing medical management programs, also known as demand management, to comprehensive contracting and procurement of services.

The difference we make ... to our **members**



Aetna is making a difference daily for members through a variety of innovative products and services, and through the tools and resources members need to take charge of their health. We put the people who use our services at the center of everything we do. As our member stories illustrate, this focus is helping our members be more engaged in their health care and go a long way toward achieving their optimal health.

"I've learned that when it comes to changing your life, you can take it at your own pace, but you have to take it on." — Lynne Stradley

Lynne Stradley —
Project Lead, National Customer Operations, Aetna Service Operations
Jacksonville, Florida

Lynne Stradley knows that true change happens one small step at a time … that's literally how she overcame serious injuries and other health issues after a horrific car accident left her barely able to walk.

Stradley, a project lead for Aetna's National Customer Operations who teleworks from Jacksonville, Fla., was in tremendous chronic pain following the accident. To make matters worse, she gained more than 50 pounds and was unable to do the things she loved such as gardening and singing.

With encouragement from her husband, Stradley decided it was time to make a change. That's when she discovered Aetna's Healthy Lifestyles program and its online health assessment.

"*That health assessment started a chain of events that miraculously changed my life*," she said. "*I've learned that when it comes to changing your life, you can take it at your own pace, but you have to take it on. We have to constantly evaluate ourselves and make changes as needed.*"

After completing the assessment, Stradley received an outreach call from Debra Adams, R.N., a nurse consultant for the Aetna Healthy Body, Healthy Weight Program®, available to Aetna members whose employers elect to purchase it.

"*Debra helped me find a program that allowed me to make decisions based on my needs and my time frame*," Stradley said. "*It was perfect for me because it's self-directed and online, and it provided all the resources I needed.*"

Stradley began by looking for opportunities to exercise such as walking her dog every day, parking at the far end of the parking lot and taking the stairs instead of the elevator. She became more aware of her nutrition choices and more conscious of the importance of medical monitoring such as having an annual physical exam.

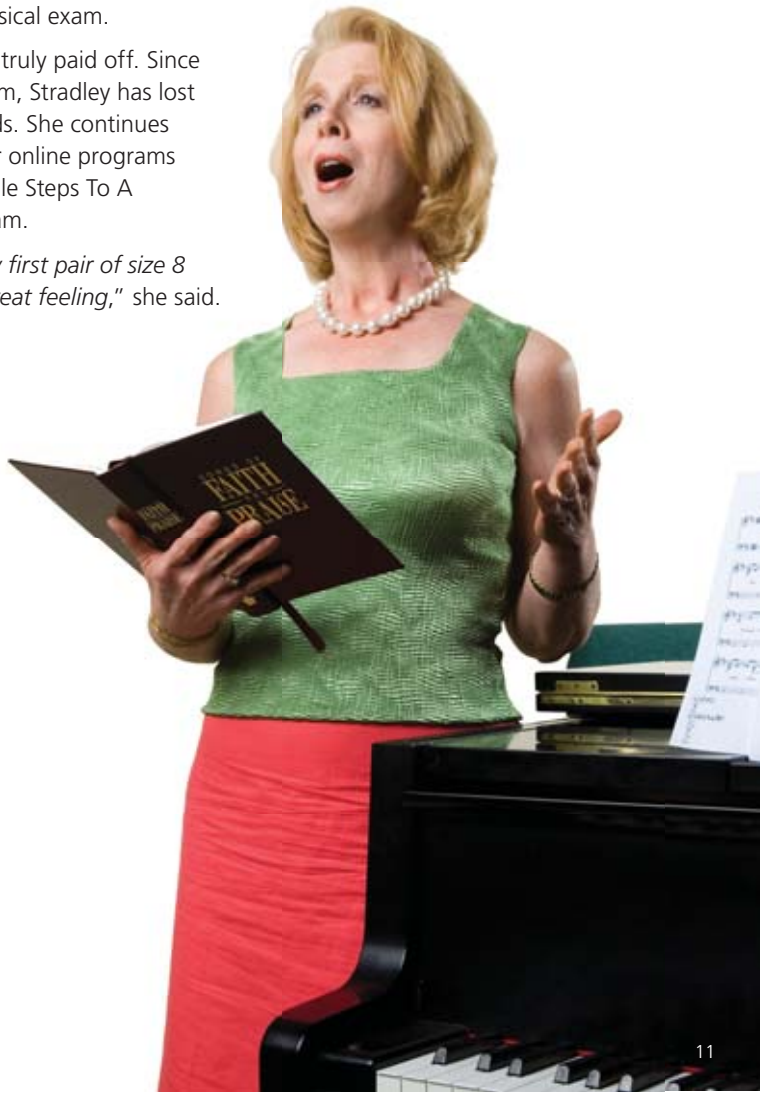
The commitment has truly paid off. Since beginning the program, Stradley has lost more than 155 pounds. She continues to participate in other online programs through Aetna's Simple Steps To A Healthier Life® program.

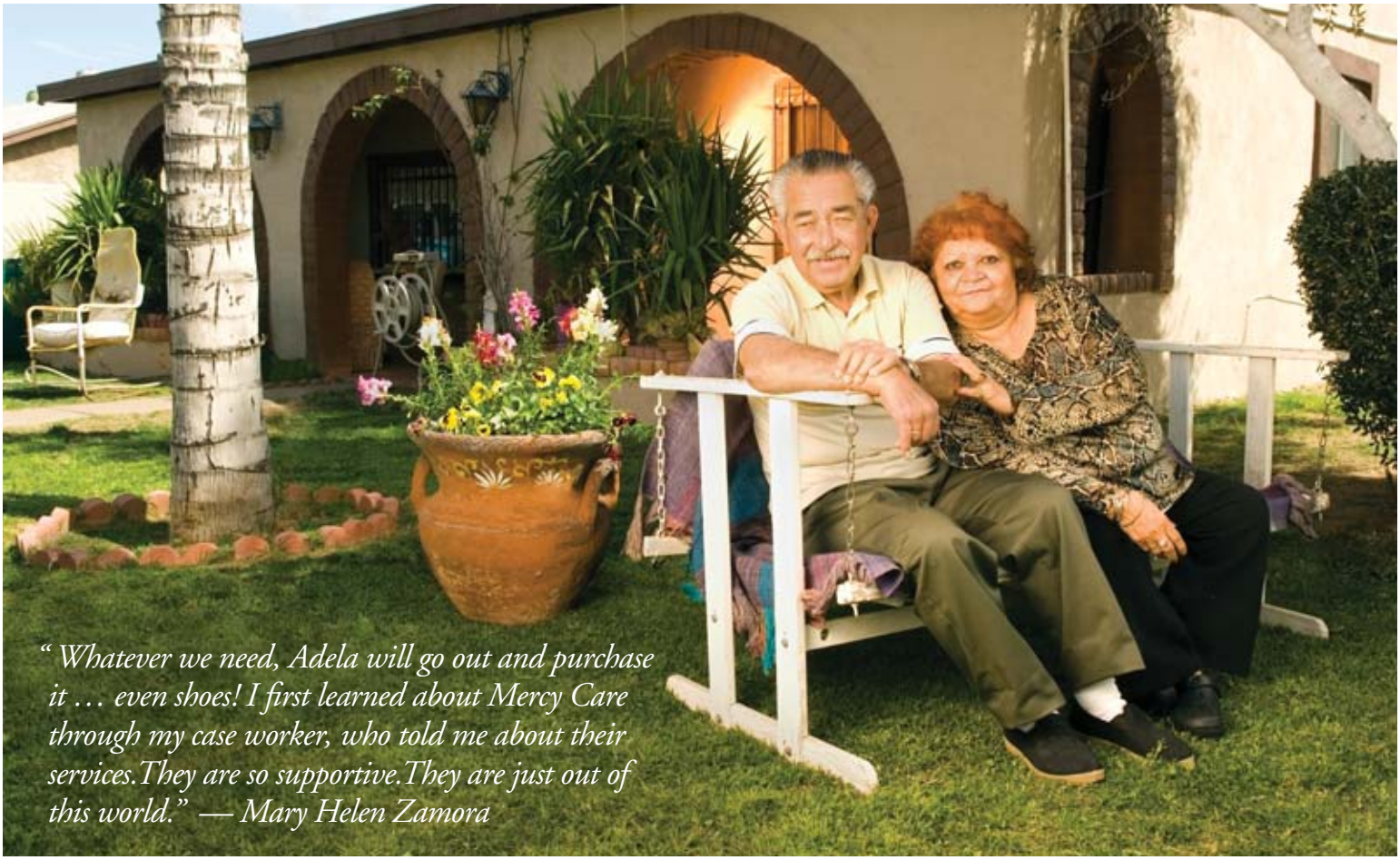
"*I recently bought my first pair of size 8 jeans, which was a great feeling*," she said.

"*And at my annual physical exam, my primary care physician officially noted in my medical records that obesity was a past medical condition.*"

Stradley's success may be contagious. Recently, other members of the family have begun to more actively manage their health.

"*I truly believe that accident happened to me for a reason*," Stradley said. "*If my experience inspires just one person to make a change, it was all worth it.*"





Mary Helen and Henry Zamora
South Phoenix, Arizona

Every day Henry and Mary Helen Zamora face multiple health challenges, including complications of diabetes. Henry receives kidney dialysis three times a week, and Mary Helen relies on a wheelchair for mobility due to severe arthritis.

But one issue the Zamoras do not have to wrestle with right now is whether they will be able to remain in their own cherished home.

Now in their 70s, the South Phoenix couple are a comforting example of how chronically ill older Americans can manage their health care and personal needs while continuing to live at home. The couple rely on a strong support network, including home health care professionals, a son who lives with them, two daughters who live nearby, their pets and their church community.

Adela Guzman, a bilingual home care professional from Mercy Care, has become a virtual part of the Zamora family. "*She's like a daughter to us*," said Mary Helen. "*Everything Adela does is straight from her heart. She's my right hand.*"

Mercy Care's in-home and assisted living support, nursing home network and complex care team are a model for how services to the elderly can be provided nationwide, according to nurse consultant Judy Swanson, the Zamoras' case manager. Mercy Care is administered by Schaller Anderson — an Aetna company that is a leading provider of health care management services for Medicaid plans.

"*We're making sure that the poor, the elderly and the sick are getting the care they need and deserve*," said Swanson.

Adela arrives at the Zamoras' home at 9 a.m. and prepares breakfast. She helps Henry get ready for his Mercy Care transport for kidney dialysis, helps Mary Helen with her wheelchair, manages their medical schedules, shops, prepares their meals, and keeps their house clean and tidy.

Schaller Anderson's health care professionals also help Mary Helen work through her sometimes overwhelming concerns for Henry's well-being.

"*Without Mercy Care's support, Mary Helen and Henry would need to enter a nursing home,*" said Swanson, who continues to look in on the couple. "*With our help, quality of life remains possible in one's own home. As a nursing professional who also provides care to my 91-year-old mother in my free time, I'm grateful to be able to make a difference in the Zamoras' lives.*"

"I wanted Mr. Nichols to know that we were available whenever he needed us, which is what I do for members every day."
— Jennifer Fisher, Aetna nurse case manager

James Nichols, Software Engineer
Tulsa, Oklahoma

When Aetna member James Nichols was told he would need bowel resection surgery to fix a small perforation in his colon, his thoughts turned to his father, who died from a staph infection after undergoing surgery to fix a bleeding ulcer.

"I was in tremendous pain, but I was really stewing over whether to have the surgery or not," said the 59-year-old software engineer who was diagnosed with diverticulitis. *"I was really nervous because of what happened to my father."*

It was only after speaking with Aetna nurse case manager Jennifer Fisher that Nichols felt at ease about the surgery.

"Jennifer called because she noticed I had been diagnosed, and she asked if I had any questions or if I just wanted to talk," said Nichols. *"I told her about my dad, and she helped me feel better about the surgery. She told me about the side effects of the disease and what I could do to be healthier in the future."*

Fisher said she tries to help all of the members assigned to her become more independent so that they can take control of their health care. *"I don't aim to fix their problems, just to make them easier to deal with,"* she said. *"I wanted Mr. Nichols to know that we were available whenever he needed us, which is what I do for members every day."*

During the weeks that led up to the surgery, Nichols spoke with Fisher and several other Aetna nurses about his condition. *"I had a bunch of questions at the time, and they answered all of them,"* he said.

Nichols' surgery was a success, and he continued his conversations with Fisher while recuperating. *"I was pleasantly surprised at how often the nurses called and followed up,"* he said.

Since the surgery, Nichols has made adjustments to his diet and is taking fiber supplements, based on information provided by the Aetna clinical staff. The avid fisherman and sailor also is hoping to start an exercise plan soon, although he is still suffering from some health complications and requires another surgery. This time, however, he's not afraid.

"I'm happy that I had the first surgery and that I had Jennifer to talk to," Nichols said. *"Now I know that it's all going to work out, and I have people who are supporting me."*

The difference we make ... in **communities**

A substantive view of social responsibility

Being a positive force for change in the communities where our customers and employees live and work is an important part of who we are. In 2007, the difference we made was especially evident in the many communities where we funded initiatives to improve local health care and in the programs we developed to help keep our environment cleaner.

Aetna has been recognized by the EPA as one of the "Best Workplaces for Commuters from the Fortune 500 Companies," helping to reduce vehicular pollution.

Funding healthier communities

Aetna has a long history of helping to build healthier communities across the country through its philanthropic initiatives and volunteer activities. In 2007, Aetna employees logged more than 295,000 hours of community service, while Aetna and the Aetna Foundation contributed more than $24 million in grants and sponsorships. Of that total, $6 million was awarded through the Healthy Community Grants Program, helping to make a real difference in the health of many communities.

- In Chicago, Aetna committed $375,000 over three years to help the American Heart Association's "Start!" program work with employers to create a workplace environment of physical activity and health consciousness that will help prevent heart disease and stroke among employees.
- About $475,000 awarded to Atlanta-area nonprofits was focused on helping minorities prevent or better manage their diabetes. One best-practice initiative was an Aetna Town Hall Meeting on Childhood Obesity, which included a panel of experts addressing the minority community about the dangers of childhood obesity.
- In the Philadelphia area, one of the more innovative programs we funded provides depression screening and prevention education annually for three years for 550 minority women. Research shows that as many as 50 percent of urban minority postpartum depression cases go undetected — impairing the healthy development of many inner-city infants.

A greener world

As a health care company, Aetna is dedicated to helping people achieve health and financial security, and we believe fostering a healthful environment is an important part of this mission. In 2007, we adopted a policy statement that clearly spells out our commitment to limiting our environmental impact by reducing our energy consumption and the use of other resources. We also are committed to identifying emerging environmental issues that we can help address because we recognize the impact of a clean environment on the health of communities across the country.

Aetna Foundation contributed more than $24 million in grants and sponsorships.

Aetna is a participant in the Business Roundtable's "Climate Resolve" initiative. Specifically, Aetna has implemented:

- A corporate-wide initiative to reduce paper usage both internally and externally, with the goal of transforming today's paper-driven business process to an e-driven process by 2010.
- The recycling of paper, cardboard, glass and plastic bottles at Aetna-owned facilities. Aetna also has recycled fluorescent lightbulbs since 1994, long before it was required.
- The use of energy-saving devices and equipment to minimize power consumption, and the purchase of ultra-low sulfur fuels for generators and boilers.

The difference we make ... in the **health care system**

Determined to transform the health care system

As a health care company, Aetna believes it has a pressing social responsibility to help transform the health care system. We are determined to be a positive force for change. In 2007, we introduced our detailed 10-point proposal to help spur meaningful change. You can read about our plan by visiting **www.aetna.com/about/america**.

We are making a difference by investing in business solutions that are changing the way consumers interact with the health care system.

A plan to transform health care

Aetna tightened its hold on the mantle of leadership in 2007 when it created and distributed a detailed 10-point plan called "*To Your Health!* Aetna's Proposal for Health Care System Transformation." A first for our industry, *To Your Health!* delivers an informative statement of how Aetna believes meaningful change can be achieved and a comprehensive set of proposals to help make a difference in the future well-being of all Americans.

We are sharing *To Your Health!* with Aetna's constituents and public policy leaders, and we invite them to use it as a road map to achieving health care system solutions or as a catalyst for meaningful dialogue and analysis.

Aetna is helping to foster this dialogue in the public arena, as evidenced by a health care reform op-ed published in *The Washington Post* in July 2007. Authored by Aetna Chairman and CEO Ronald A. Williams and Aetna Chief Medical Officer Troyen A. Brennan, M.D., M.P.H., the article asserts that health insurers can help create the means to provide universal access.

Thoughtful change

Leadership in the health care policy arena means taking a thoughtful look at conventional policies and practices, and imagining a better way for all patients. In 2002, Aetna did this when it formulated an influential set of guidelines for health insurers defining appropriate and inappropriate uses of individuals' genetic information. In 2007, Aetna built on this industry-leading effort when it began offering members confidential telephone and web-based cancer genetic counseling services as a component of benefit plans that cover genetic testing.

Aetna also has focused in recent years on achieving racial and ethnic equality in health care, and is the first national health benefits company to launch an integrated business and philanthropic approach to addressing those factors that stand in the way.

We enhanced our efforts in 2007 through a newly formed Racial and Ethnic Equality Advisory Committee, which will play a critical role in helping to improve the quality of care and health outcomes for all patients in the future.

A better health care experience

We also are making a difference by investing in business solutions that are changing the way consumers interact with the health care system. Our transparency efforts are resulting in an increasing number of Americans having access to online price and quality information for their physicians before they go for treatment. We expanded our transparency program in 2007; providing members access to quality and efficiency information for 71,000 specialists in 22 states and the District of Columbia, and price information for 270,000 physicians in 25 states and the District of Columbia.

Providing members access to price information for 270,000 physicians in 25 states and the District of Columbia.

Aetna also has expanded access to its CareEngine®-powered Personal Health Record to include Aetna Individual Advantage Plan℠ members in 24 states. Through our secure member website, members have around-the-clock access to their medical records in one secure, online location. These members benefit from our CareEngine system, which scans their health records continuously for opportunities to improve care and for possible urgent situations. Members and their doctors are notified when that happens, improving patient safety and dialogue between doctors and patients.

The difference we make ... to our **nation**

Acknowledging our employees' long history of service to our nation

Aetna employees have a long history of service to our nation. For 154 years, they have heeded the call to come to the aid of their fellow citizens at home and abroad. Our archives contain rich details of stories, service and sacrifice by Aetna's military veterans.

Among the images in Aetna's archives are these photos of employees who served in WWI, WWII and the Korean War. These veterans represent all branches of service, including the highly respected Tuskegee Airmen, who not only defended our country abroad, but broke down racial barriers here in America.

"To the men and women of the Aetna Life Affiliated Companies now in the services of their country, all of you will face the necessity for deciding what to do upon your return to civil life. I speak for every one of us here when I tell you that you will be welcomed back into our organisation."

— M. B. Brainard, President, June 30, 1945

Manuel Heredia
U.S. Military Branch: *Marines*
Title at Aetna: *Flexible Spending Account (FSA) sales support specialist*

After his seven-month deployment in Iraq, based in Fallujah, Manuel Heredia returned to Aetna in January 2007 and resumed his role on the National Customer Operations Business Transaction Services team in Middletown, Conn.

"*Helping to keep the peace and helping the people of Iraq gain trust in us was very rewarding work*," said Heredia. "*The experience certainly changed me — it gave me a new appreciation for all the little things in life.*"

Peter Van Loon
U.S. Military Branch: *Navy*
Title at Aetna: *Finance director, Aetna Government Health Plans*

During his deployment, U.S. Navy Captain Peter Van Loon was based east of Kabul, Afghanistan. After his year-long deployment, Van Loon returned to Aetna's corporate headquarters on Oct. 22, 2007, to assume the role of finance director for Aetna Government Health Plans.

"*We had a chance to get involved in what really had an impact*," said Van Loon, who also assisted with community projects such as drilling wells and rehabilitating schools. "*We had military duties that were necessary, but the biggest necessity was helping the people of Afghanistan.*"

LeRoy Whitfield
U.S. Military Branch: *Army National Guard*
Title at Aetna: *Care management associate*

After the events of 9/11, LeRoy Whitfield wanted to do something to help support the country. So, in February 2002, he enlisted in the Army National Guard; and in June 2006, he was called to active duty in Iraq.

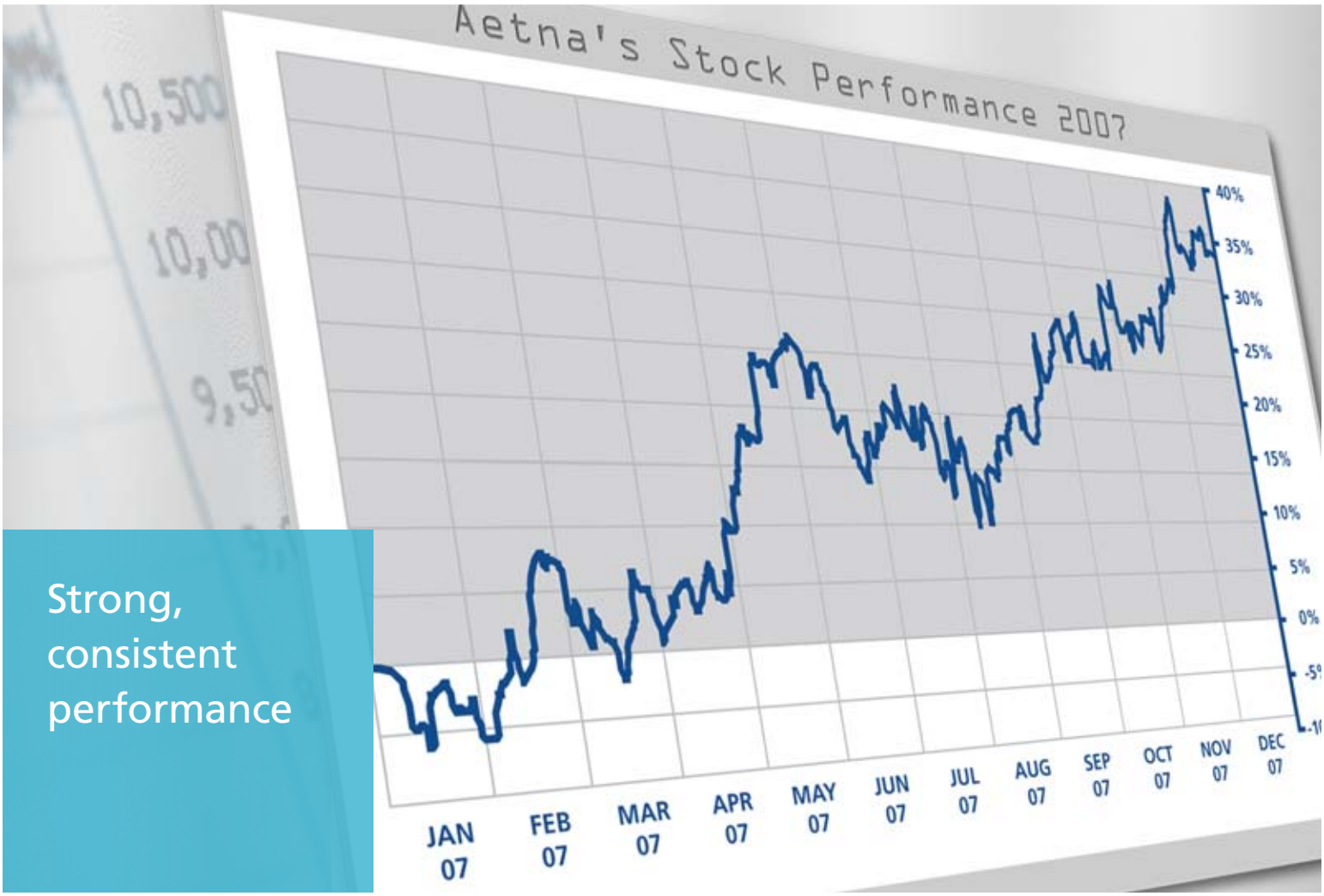
In October 2007, after a 13-month deployment based in the small town of Ashraf, Whitfield returned to the Aetna office in Blue Bell, Pa., where he works on the Patient Management team as a care management associate.

As a company, we have always recognized that we have an obligation to match the commitment of our employees. Since September 11, 2001, Aetna has enhanced its military leave policies on three occasions so that our employee veterans would not worry about how to provide for their families or meet their financial obligations. We are proud to have been recognized during 2007 as a "Five-Star Employer" by the group Employer Support for the Guard and Reserves.

We honor our employee veterans, who deserve to have their sacrifice and dedication acknowledged because they are making a difference to our country. While we have employees currently serving overseas, we are pleased that several returned to Aetna in 2007.

The men and women of Aetna salute our employee veterans and their extraordinary commitment to our country.

The difference we make ... to our **shareholders**



Strong, consistent performance

What drives us at Aetna is our commitment to making a difference for the people who use our services. By putting them at the center of everything we do, we have continued to produce great accomplishments, year after year, and deliver strong financial results for our shareholders.

Stock chart reflects actual performance in 2007. Past performance is not necessarily indicative of future performance.

Consolidated Statements of Income

(MILLIONS, EXCEPT PER COMMON SHARE DATA)	For the Years Ended December 31, 2007	2006	2005
Revenue:			
Health care premiums	$21,500.1	$19,153.5	$16,924.7
Other premiums	1,979.3	1,956.0	2,003.0
Fees and other revenue	3,044.0	2,839.3	2,428.9
Net investment income	1,149.9	1,164.7	1,103.0
Net realized capital (losses) gains	(73.7)	32.2	32.3
Total revenue	**27,599.6**	**25,145.7**	**22,491.9**
Benefits and expenses:			
Health care costs	17,294.8	15,301.0	13,107.9
Current and future benefits	2,248.1	2,319.0	2,364.5
Operating expenses:			
Selling expenses	1,060.9	952.7	843.5
General and administrative expenses	3,985.5	3,867.9	3,609.2
Total operating expenses	5,046.4	4,820.6	4,452.7
Interest expense	180.6	148.3	122.8
Amortization of other acquired intangible assets	97.6	85.6	57.4
Reduction of reserve for anticipated future losses on discontinued products	(64.3)	(115.4)	(66.7)
Total benefits and expenses	**24,803.2**	**22,559.1**	**20,038.6**
Income from continuing operations before income taxes	2,796.4	2,586.6	2,453.3
Income taxes	965.4	901.0	880.0
Income from continuing operations	1,831.0	1,685.6	1,573.3
Discontinued operations, net of tax	–	16.1	–
Net income	**$ 1,831.0**	**$ 1,701.7**	**$ 1,573.3**
Earnings per common share:			
Basic:			
Income from continuing operations	$ 3.60	$ 3.09	$ 2.72
Discontinued operations, net of tax	–	.03	–
Net income	**$ 3.60**	**$ 3.12**	**$ 2.72**
Diluted:			
Income from continuing operations	$ 3.47	$ 2.96	$ 2.60
Discontinued operations, net of tax	–	.03	–
Net income	**$ 3.47**	**$ 2.99**	**$ 2.60**

The foregoing financial information should be read in conjunction with the financial statements and related notes as presented in Aetna's 2007 Annual Report, Financial Report to Shareholders.

Consolidated Balance Sheets

(MILLIONS)	At December 31, 2007	2006
Assets		
Current assets:		
Cash and cash equivalents	$ 1,254.0	$ 880.0
Investments	851.5	1,008.0
Premiums receivable, net	479.8	363.1
Other receivables, net	589.1	530.1
Accrued investment income	189.2	183.1
Collateral received under securities loan agreements	1,142.4	1,054.3
Deferred income taxes	321.7	293.2
Other current assets	460.7	326.3
Total current assets	**5,288.4**	**4,638.1**
Long-term investments	17,040.1	16,879.1
Reinsurance recoverables	1,093.2	1,107.4
Goodwill	5,059.0	4,603.6
Other acquired intangible assets, net	780.4	691.6
Property and equipment, net	364.0	283.6
Deferred income taxes	–	170.0
Other long-term assets	1,850.2	1,049.1
Separate Accounts assets	19,249.4	18,203.9
Total assets	**$50,724.7**	**$47,626.4**
Liabilities and shareholders' equity		
Current liabilities:		
Health care costs payable	$ 2,177.4	$ 1,927.5
Future policy benefits	763.8	786.0
Unpaid claims	625.9	598.3
Unearned premiums	198.4	185.6
Policyholders' funds	668.2	567.6
Collateral payable under securities loan agreements	1,142.4	1,054.3
Short-term debt	130.7	45.0
Income taxes payable	5.9	42.6
Accrued expenses and other current liabilities	1,962.0	1,896.1
Total current liabilities	**7,674.7**	**7,103.0**
Future policy benefits	7,253.2	7,463.7
Unpaid claims	1,234.1	1,174.6
Policyholders' funds	1,225.7	1,296.4
Long-term debt	3,138.5	2,442.3
Income taxes payable	13.0	–
Deferred income taxes	146.4	–
Other long-term liabilities	751.3	797.4
Separate Accounts liabilities	19,249.4	18,203.9
Total liabilities	**40,686.3**	**38,481.3**
Shareholders' equity:		
Common stock and additional paid-in capital ($.01 par value; 2.8 billion shares authorized; 496.3 million and 516.0 million shares issued and outstanding in 2007 and 2006, respectively)	188.8	366.2
Retained earnings	10,138.0	9,404.6
Accumulated other comprehensive loss	(288.4)	(625.7)
Total shareholders' equity	**10,038.4**	**9,145.1**
Total liabilities and shareholders' equity	**$50,724.7**	**$47,626.4**

The foregoing financial information should be read in conjunction with the financial statements and related notes as presented in Aetna's 2007 Annual Report, Financial Report to Shareholders.

Consolidated Statements of Cash Flows

(MILLIONS)	For the Years Ended December 31, 2007	2006	2005
Cash flows from operating activities:			
Net income	$ 1,831.0	$ 1,701.7	$ 1,573.3
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	321.5	270.4	204.4
Stock-based compensation expense	89.4	73.7	94.1
Equity in earnings of affiliates, net	(88.3)	(102.2)	(44.2)
Net realized capital losses (gains)	73.7	(32.2)	(32.3)
Amortization of net investment premium	3.6	18.7	22.6
Physician class action settlement insurance-related charge	–	72.4	–
Discontinued operations	–	(16.1)	–
Changes in assets and liabilities:			
Accrued investment income	(6.1)	1.8	13.7
Premiums due and other receivables	(91.7)	(61.2)	(95.6)
Income taxes	28.8	29.9	390.5
Other assets and other liabilities	(119.0)	(205.7)	(251.6)
Health care and insurance liabilities	23.8	(106.1)	(223.7)
Other, net	(1.2)	(6.5)	.3
Net cash provided by operating activities of continuing operations	2,065.5	1,638.6	1,651.5
Discontinued operations	–	49.7	68.8
Net cash provided by operating activities	**2,065.5**	**1,688.3**	**1,720.3**
Cash flows from investing activities:			
Proceeds from sales and investments	10,577.0	11,837.6	11,907.6
Cost of investments	(10,642.2)	(11,939.5)	(11,238.5)
Increase in property, equipment and software	(400.4)	(290.5)	(271.6)
Cash used for acquisitions, net of cash acquired	(572.2)	(160.9)	(1,107.6)
Net cash used for investing activities	**(1,037.8)**	**(553.3)**	**(710.1)**
Cash flows from financing activities:			
Proceeds from issuance of long-term debt, net of issuance costs	663.9	1,978.9	–
Net issuance of short-term debt	85.5	45.0	–
Repayment of long-term debt	–	(1,150.0)	–
Deposits and interest credited for investment contracts	9.7	28.2	41.6
Withdrawals of investment contracts	(21.2)	(211.8)	(54.5)
Common shares issued under benefit plans	170.8	115.8	271.3
Stock-based compensation tax benefits	153.2	89.6	173.1
Common shares repurchased	(1,695.6)	(2,322.5)	(1,650.0)
Dividends paid to shareholders	(20.0)	(20.8)	(11.4)
Other, net	–	–	16.3
Net cash used for financing activities	**(653.7)**	**(1,447.6)**	**(1,213.6)**
Net increase (decrease) in cash and cash equivalents	374.0	(312.6)	(203.4)
Cash and cash equivalents, beginning of period	880.0	1,192.6	1,396.0
Cash and cash equivalents, end of period	**$ 1,254.0**	**$ 880.0**	**$ 1,192.6**

The foregoing financial information should be read in conjunction with the financial statements and related notes as presented in Aetna's 2007 Annual Report, Financial Report to Shareholders.

Board of **Directors**

Board of Directors (left to right):

Edward J. Ludwig; Ellen M. Hancock; Jeffrey E. Garten; Betsy Z. Cohen; Earl G. Graves; Roger N. Farah; Ronald A. Williams; Joseph P. Newhouse; Frank M. Clark; Barbara Hackman Franklin; Molly J. Coye, M.D.; Gerald Greenwald.

Board of Directors

Frank M. Clark
Chairman and
Chief Executive Officer
Commonwealth Edison Company

Betsy Z. Cohen
Chairman
RAIT Financial Trust

Chief Executive Officer
The Bancorp, Inc.

Molly J. Coye, M.D.
Chief Executive Officer
Health Technology Center

Roger N. Farah
President, Chief Operating Officer and Director
Polo Ralph Lauren Corporation

Barbara Hackman Franklin
President and
Chief Executive Officer
Barbara Franklin Enterprises

Former U.S. Secretary of Commerce

Jeffrey E. Garten
Juan Trippe Professor in the Practice of International Trade, Finance and Business
Yale University

Chairman
Garten Rothkopf

Earl G. Graves
Chairman
Earl G. Graves, Ltd.

Publisher
Black Enterprise magazine

Gerald Greenwald
Founding Principal
Greenbriar Equity Group

Retired Chairman and
Chief Executive Officer
UAL Corporation

Ellen M. Hancock
Former President
Jazz Technologies, Inc.

Former Chairman and
Chief Executive Officer
Exodus Communications, Inc.

Edward J. Ludwig
Chairman of the Board,
President and
Chief Executive Officer
Becton, Dickinson and Company

Joseph P. Newhouse
John D. MacArthur Professor of Health Policy and Management
Harvard University

Ronald A. Williams
Chairman and
Chief Executive Officer
Aetna Inc.

Executive Committee

Ronald A. Williams
Chairman and
Chief Executive Officer

Mark T. Bertolini
President

Troyen A. Brennan, M.D., M.P.H.
Senior Vice President and
Chief Medical Officer

William J. Casazza
Senior Vice President and
General Counsel

Margaret M. McCarthy
Chief Information Officer and
Senior Vice President
Procurement and Real Estate

Robert M. Mead
Senior Vice President
Strategic Marketing
and Communications

Elease E. Wright
Senior Vice President
Human Resources

Joseph M. Zubretsky
Executive Vice President and
Chief Financial Officer

Corporate Secretary

Christopher M. Todoroff
Vice President,
Corporate Secretary and
Senior Corporate Counsel

Shareholder Information

Annual Meeting

The annual meeting of shareholders of Aetna Inc. ("Aetna" or the "Company") will be held on Friday, May 30, 2008, at The Peninsula Chicago hotel in Chicago, Illinois.

Corporate Headquarters

151 Farmington Avenue
Hartford, CT 06156
Phone: 860-273-0123

Stock Exchange Listing

Aetna's common shares are listed on the New York Stock Exchange ("NYSE"). The NYSE symbol for the common shares is AET. As of January 31, 2008, there were 10,579 record holders of Aetna's common shares.

Website Access to Aetna's Periodic and Current Reports and Corporate Governance Materials

Aetna makes available free of charge through its website at **www.aetna.com** its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports as soon as reasonably practicable after Aetna electronically files or furnishes such materials with the U.S. Securities and Exchange Commission (the "SEC"). Aetna also makes available free of charge through its website the Company's Annual Report, Financial Report to Shareholders, Proxy Statement and quarterly financial results. **Shareholders may request printed copies of these reports free of charge by calling 1-800-237-4273.**

Aetna's Annual Report on Form 10-K provides additional details about the Company's business, as well as other financial information not included in this Annual Report. **To receive a copy of the Annual Report on Form 10-K without charge, call 1-800-237-4273.**

Shareholders may call 1-800-237-4273 to listen to the Company's latest quarterly earnings release and dividend information.

Also available on Aetna's website at **www.aetna.com/governance** are the following Aetna corporate governance materials: Articles of Incorporation and By-Laws; Code of Conduct for Directors, officers and employees (and information regarding any amendments or waivers relating to Aetna's Directors, executive officers and principal financial and accounting officers or persons performing similar functions); Independence Standards for Directors; Corporate Governance Guidelines; Board of Directors; and Charters for the key standing Committees of the Board of Directors (Audit Committee, Committee on Compensation and Organization, Executive Committee, Investment and Finance Committee, Medical Affairs Committee, and Nominating and Corporate Governance Committee). **These materials also are available in print to shareholders free of charge by calling 1-800-237-4273.**

Section 16 reports are filed with the SEC by Aetna on behalf of Directors and those officers subject to Section 16 of the Securities Exchange Act of 1934, as amended, to reflect a change in their beneficial ownership of Aetna's securities. Such reports are available through Aetna's website at **www.aetna.com**.

The Audit Committee of the Board of Directors can be contacted confidentially by those seeking to raise concerns or complaints about the Company's accounting, internal accounting controls or auditing matters by calling AlertLine®, an independent toll-free service, at 1-888-891-8910 (available seven days a week, 24 hours a day), or by writing:

Corporate Compliance
P.O. Box 370205
West Hartford, CT 06137-0205

Anyone seeking to make their concerns known to Aetna's nonmanagement Directors or to send a communication to the entire Board of Directors may contact Gerald Greenwald, Aetna's Presiding Director, by writing to him at P.O. Box 370205, West Hartford, CT 06137-0205. All communications will be kept confidential and forwarded directly to the Presiding Director or Board, as applicable. Aetna's Presiding Director, among other things, presides over the independent Directors' sessions. To contact Ronald A. Williams, Chairman and Chief Executive Officer, you may write to Mr. Williams at Aetna Inc., 151 Farmington Avenue, Hartford, CT 06156.

Certifications

Ronald A. Williams, Chairman and Chief Executive Officer, and Joseph M. Zubretsky, Executive Vice President and Chief Financial Officer, have provided unqualified certifications of the Company's public disclosure contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2007 (the "2007 Form 10-K"), filed with the SEC. These certifications, which are required pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 and related regulations, are filed as exhibits to the 2007 Form 10-K.

In addition, NYSE regulations require that the Chief Executive Officer provide the NYSE each year with a certification of compliance with the NYSE's corporate governance listing standards following the annual shareholders meeting. As required by these regulations, in May 2007, Mr. Williams provided the NYSE with an unqualified certification regarding compliance with these standards.

Investor Relations

Securities analysts and institutional investors can contact:

Jeffrey A. Chaffkin
Vice President, Investor Relations
Phone: 860-273-7830
Fax: 860-273-3971
e-mail address: ChaffkinJ@aetna.com

Shareholder Services

Computershare Trust Company, N.A. ("Computershare"), Aetna's transfer agent and registrar, maintains a telephone response center and a website to service registered shareholder accounts. Registered shareholders may contact Computershare to inquire about replacement dividend checks, address changes, stock transfers and other account matters.

DirectSERVICE Investment Program
Current shareholders and new investors can purchase Aetna common shares and reinvest cash dividends through this program sponsored by Computershare.

Contacting Computershare by mail:
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078

Contacting Computershare by telephone:
1-800-446-2617 – For general inquiries and dividend reinvestment
1-800-870-2340 – To enroll in direct deposit of dividends

Contacting Computershare by Internet:
www.computershare.com/investor
Current registered shareholders who have a user ID and password can access account information under "Member Login." New users can click "Register Now" on the right side of the page to set up their user ID and password for the first time.

New investors in the DirectSERVICE Investment Program:
Click "buy stock direct" and search by ticker symbol "AET" to view or print the plan materials and/or to open a new shareholder account completely online.

Other shareholder inquiries
Office of the Corporate Secretary
Aetna Inc.
151 Farmington Avenue, RW61
Hartford, CT 06156-3215
Phone: 860-273-4970
Fax: 860-293-1361
E-mail address:
ShareholderRelations@aetna.com

Aetna Equity-Based Grant Participants and Aetna Employee Stock Purchase Plan Participants

Employees with outstanding equity-based grants (stock options, stock appreciation rights, restricted stock units, performance stock units) should address all questions to UBS Financial Services, Inc. regarding their accounts, outstanding grants or shares received through exercises, restricted stock unit vesting, performance stock unit vesting or purchases through the Employee Stock Purchase Plan.

UBS Financial Services, Inc.
Corporate Employee Financial Services
300 Lighting Way, 6th Floor
Secaucus, NJ 07094-3672
Phone: 1-888-793-7631
(TTY for the hearing impaired: 1-877-352-3595)

Online Access to UBS:
www.ubs.com/onesource/aet

Awards and **recognitions**

***Fortune* magazine** — Ranked Aetna No. 2 in the Health Care: Insurance and Managed Care category of the magazine's 2007 Most Admired Companies. At press time, it was announced Aetna ranked No. 1 for 2008.

A. Leon Higginbotham Corporate Leadership Award

Lawyers' Committee for Civil Rights Under Law — Awarded Aetna and Ronald A. Williams, Aetna Chairman and CEO, the *A. Leon Higginbotham Corporate Leadership Award*, recognizing Aetna's long-standing record of diversity and corporate social responsibility.

The National Committee for Quality Assurance — Awarded Aetna the 2007 *Recognizing Innovation in Multicultural Health Care Award* for the company's Breast Health Ethnic Disparity Initiative.

The National Business Group on Health — Named Aetna a 2007 winner of its *Behavioral Awards* for Aetna's commitment to helping workers and their families cope with mental health and substance abuse disorders.

Diversity

***Black Enterprise* magazine**

- Named Aetna to its 2007 list of the Top 40 Companies for Diversity, the second year in a row Aetna earned this distinction.
- Named Aetna to its list of the 15 Best Companies for Corporate Board Diversity.
- Named Aetna to its list of the 15 Best Companies for Senior Management Diversity.

DiversityInc. — Ranked Aetna among 25 noteworthy companies for 2007.

***Essence* magazine** — Named Aetna one of the 25 Great Places to Work for 2007.

Human Rights Campaign — Named Aetna one of the 2007 Best Places to Work for gay, lesbian, bisexual and transgender employees.

***Latina Style* magazine** —Ranked Aetna among top 50 companies for Latinas.

Information tools and technology

***Consumer Reports* Webwatch and the Health Improvement Institute** — Rated Aetna InteliHealth®, Aetna's consumer health information website, "Excellent," the group's highest rating.

eHealthcare Leadership Awards — Aetna Navigator®, Aetna's secure member website, won a Silver Award in the Best Interactive Site category among health plans.

Employment accolades

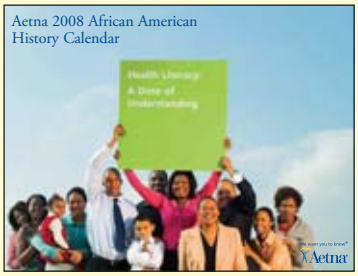
CollegeGrad.com — Named Aetna on its list of the Top 500 Entry-Level Employers for 2007.

Employer Support of the Guard and Reserve (ESGR) — Recognized Aetna in 2007 as a 5-Star Employer for going "above and beyond" federal laws relating to employment and reemployment of workers who volunteer in the National Guard and Reserve.

Design: Aetna Creative Services. Photography: Lou Jones. Printing: Allied Printing.

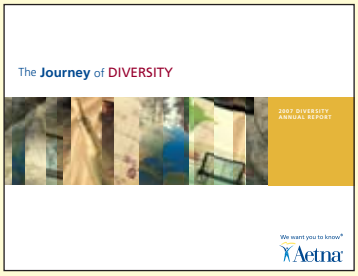
Available on **aetna.com**

Aetna 2008 African American History Calendar



The 27th-anniversary edition of Aetna's African American History Calendar focuses on the contributions of African American health advocates in raising health literacy in communities across the nation. The 2008 calendar profiles 17 individuals and their contributions to addressing health literacy. **www.aetna.com/diversity/aahcalendar/2008/index.html**

The Journey of Diversity

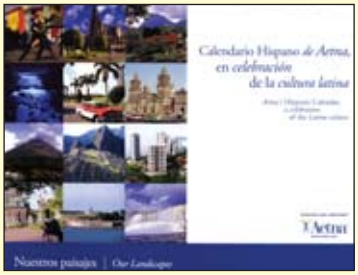


Aetna's 2007 Diversity Annual Report — The Journey of Diversity — highlights Aetna's pioneering history as a leader of dynamic diversity efforts and programs. For the first time, the Diversity Annual Report is available in Spanish and Mandarin Chinese. **www.aetna.com/about/aetna/diversity/data/diversity_AR_english06.pdf**

Aetna en Español Website

Aetna in 2007 launched a website that provides our Spanish-speaking constituents with access to information, tools and services to make informed health care decisions and learn more about healthful living, wellness and prevention. **www.aetna.com/espanol/**

Aetna's Hispanic Calendar



Debuting in 2007, Aetna's Hispanic Calendar, a celebration of the Latino culture, recognizes Hispanics and expresses Aetna's appreciation for the many ways in which their perspectives and experiences have enriched our company and communities. **www.spanishvoices.com/clientes/aetna/calendario2/**

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