

**Exhibit 6     Aetna's Quarterly Report on Form 10-Q for the quarter  
ended March 31, 2015.**

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2015

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 1-16095

**aetna**<sup>®</sup>  
Aetna Inc.

(Exact name of registrant as specified in its charter)

Pennsylvania

(State or other jurisdiction of incorporation or organization)

151 Farmington Avenue, Hartford, CT

(Address of principal executive offices)

Registrant's telephone number, including area code:

23-2229683

(I.R.S. Employer Identification No.)

06156

(Zip Code)

(860) 273-0123

Former name, former address and former fiscal year, if changed since last report: N/A

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

There were 349.2 million shares of the registrant's voting common stock with a par value of \$.01 per share outstanding at March 31, 2015.

**Aetna Inc.**  
**Form 10-Q**  
**For the Quarterly Period Ended March 31, 2015**

*Unless the context otherwise requires, references to the terms “we”, “our” or “us” used throughout this Quarterly Report on Form 10-Q (except the Report of Independent Registered Public Accounting Firm on page 35), refer to Aetna Inc. (a Pennsylvania corporation) (“Aetna”) and its subsidiaries (collectively, the “Company”).*

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## Part I. Financial Information

### Item 1. Financial Statements

#### Consolidated Statements of Income (Unaudited)

(Millions, except per common share data)	For the Three Months Ended March 31,	
	2015	2014
Revenue:		
Health care premiums	\$ 12,940.1	\$ 11,911.7
Other premiums	538.0	561.6
Fees and other revenue <sup>(1)</sup>	1,375.0	1,248.8
Net investment income	232.9	244.2
Net realized capital gains	8.1	28.5
<b>Total revenue</b>	<b>15,094.1</b>	<b>13,994.8</b>
Benefits and expenses:		
Health care costs <sup>(2)</sup>	10,240.5	9,576.3
Current and future benefits	528.1	578.7
Operating expenses:		
Selling expenses	414.9	402.8
General and administrative expenses	2,401.8	2,047.6
<b>Total operating expenses</b>	<b>2,816.7</b>	<b>2,450.4</b>
Interest expense	79.0	85.6
Amortization of other acquired intangible assets	63.2	62.2
Loss on early extinguishment of long-term debt	—	91.9
<b>Total benefits and expenses</b>	<b>13,727.5</b>	<b>12,845.1</b>
Income before income taxes	1,366.6	1,149.7
Income taxes:		
Current	647.0	418.5
Deferred	(56.7)	61.8
<b>Total income taxes</b>	<b>590.3</b>	<b>480.3</b>
Net income including non-controlling interests	776.3	669.4
Less: Net (loss) income attributable to non-controlling interests	(1.2)	3.9
<b>Net income attributable to Aetna</b>	<b>\$ 777.5</b>	<b>\$ 665.5</b>
Earnings per common share:		
Basic	\$ 2.22	\$ 1.84
Diluted	\$ 2.20	\$ 1.82

<sup>(1)</sup> Fees and other revenue include administrative services contract member co-payments and plan sponsor reimbursements related to our mail order and specialty pharmacy operations of \$24.1 million and \$21.8 million (net of pharmaceutical and processing costs of \$299.3 million and \$275.4 million) for the three months ended March 31, 2015 and 2014, respectively.

<sup>(2)</sup> Health care costs have been reduced by Insured member co-payments related to our mail order and specialty pharmacy operations of \$33.4 million and \$30.6 million for the three months ended March 31, 2015 and 2014, respectively.

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

**Consolidated Statements of Comprehensive Income  
(Unaudited)**

(Millions)	For the Three Months Ended March 31,	
	2015	2014
Net income including non-controlling interests	\$ 776.3	\$ 669.4
Other comprehensive income (loss), net of tax:		
Previously impaired debt securities: <sup>(1)</sup>		
Net unrealized (losses) gains (\$3.4) and \$1.7 pretax)	(2.2)	1.1
Less: reclassification of gains to earnings (\$2.4 and \$0.6 pretax)	1.6	.4
Total previously impaired debt securities <sup>(1)</sup>	(3.8)	.7
All other securities:		
Net unrealized gains (\$119.9 and \$211.0 pretax)	77.9	137.2
Less: reclassification of losses to earnings (\$11.0) and \$(5.0) pretax)	(7.2)	(3.3)
Total all other securities	85.1	140.5
Foreign currency and derivatives:		
Net unrealized losses (\$21.4) and \$(19.2) pretax)	(13.9)	(12.5)
Less: reclassification of (losses) gains to earnings (\$1.5) and \$15.6 pretax)	(1.0)	10.1
Total foreign currency and derivatives	(12.9)	(22.6)
Pension and other postretirement employee benefit ("OPEB") plans:		
Less: amortization of net actuarial losses (\$16.1) and \$(11.9) pretax)	(10.5)	(7.7)
Less: amortization of prior service credit (\$1.0 and \$1.0 pretax)	.7	.6
Total pension and OPEB plans	9.8	7.1
Other comprehensive income	78.2	125.7
Comprehensive income including non-controlling interests	854.5	795.1
Less: Comprehensive (loss) income attributable to non-controlling interests	(1.2)	3.9
Comprehensive income attributable to Aetna	\$ 855.7	\$ 791.2

<sup>(1)</sup> Represents unrealized (losses) gains on the non-credit related component of impaired debt securities that we do not intend to sell and subsequent changes in the fair value of any previously impaired security.

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

## Consolidated Balance Sheets

(Millions)	(Unaudited)	
	At March 31, 2015	At December 31, 2014
Assets:		
Current assets:		
Cash and cash equivalents	\$ 1,915.8	\$ 1,420.4
Investments	2,374.1	2,595.2
Premiums receivable, net	2,153.5	1,623.0
Other receivables, net	2,244.0	2,065.9
Accrued investment income	224.4	223.9
Collateral received under securities loan agreements	864.0	826.9
Income taxes receivable	—	372.7
Deferred income taxes	493.1	443.0
Other current assets	3,122.4	2,193.0
<b>Total current assets</b>	<b>13,391.3</b>	<b>11,764.0</b>
Long-term investments	22,587.6	22,193.9
Reinsurance recoverables	755.3	751.4
Goodwill	10,641.5	10,613.2
Other acquired intangible assets, net	1,880.4	1,948.3
Property and equipment, net	662.6	669.8
Other long-term assets	1,188.7	1,130.0
Separate Accounts assets	4,448.0	4,331.5
<b>Total assets</b>	<b>\$ 55,555.4</b>	<b>\$ 53,402.1</b>
Liabilities and shareholders' equity:		
Current liabilities:		
Health care costs payable	\$ 6,087.2	\$ 5,621.1
Future policy benefits	699.8	705.9
Unpaid claims	744.7	745.3
Unearned premiums	627.6	519.5
Policyholders' funds	2,138.9	1,984.5
Collateral payable under securities loan and repurchase agreements	864.0	1,028.6
Short-term debt	297.0	500.0
Current portion of long-term debt	—	229.3
Income taxes payable	322.3	—
Accrued expenses and other current liabilities	4,886.4	4,022.3
<b>Total current liabilities</b>	<b>16,667.9</b>	<b>15,356.5</b>
Future policy benefits	6,399.5	6,427.4
Unpaid claims	1,649.7	1,650.6
Policyholders' funds	1,181.1	1,163.2
Long-term debt, less current portion	7,846.1	7,852.0
Deferred income taxes	914.0	867.5
Other long-term liabilities	1,330.2	1,201.6
Separate Accounts liabilities	4,448.0	4,331.5
<b>Total liabilities</b>	<b>40,436.5</b>	<b>38,850.3</b>
Commitments and contingencies (Note 12)		
Shareholders' equity:		
Common stock (\$.01 par value; 2.5 billion shares authorized and 349.2 million shares issued and outstanding in 2015; 2.6 billion shares authorized and 349.8 million shares issued and outstanding in 2014) and additional paid-in capital	4,539.7	4,542.2
Retained earnings	11,546.0	11,051.7

Accumulated other comprehensive loss	(1,033.1)	(1,111.3)
Total Aetna shareholders' equity	15,052.6	14,482.6
Non-controlling interests	66.3	69.2
Total equity	15,118.9	14,551.8
Total liabilities and equity	\$ 55,555.4	\$ 53,402.1

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

**Consolidated Statements of Shareholders' Equity  
(Unaudited)**

(Millions)	Attributable to Aetna							Total Equity
	Number of Common Shares Outstanding	Common Stock and Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Aetna Shareholders' Equity	Non- Controlling Interests		
<b>Three Months Ended March 31, 2015</b>								
Balance at December 31, 2014	349.8	\$ 4,542.2	\$ 11,051.7	\$ (1,111.3)	\$ 14,482.6	\$ 69.2	\$ 14,551.8	
Net income (loss)	—	—	777.5	—	777.5	(1.2)	776.3	
Other decreases in non- controlling interest	—	—	—	—	—	(1.7)	(1.7)	
Other comprehensive income (Note 6)	—	—	—	78.2	78.2	—	78.2	
Common shares issued for benefit plans, including tax benefits, net of employee tax withholdings	1.5	(2.4)	—	—	(2.4)	—	(2.4)	
Repurchases of common shares	(2.1)	(.1)	(196.2)	—	(196.3)	—	(196.3)	
Dividends declared	—	—	(87.0)	—	(87.0)	—	(87.0)	
<b>Balance at March 31, 2015</b>	<b>349.2</b>	<b>\$ 4,539.7</b>	<b>\$ 11,546.0</b>	<b>\$ (1,033.1)</b>	<b>\$ 15,052.6</b>	<b>\$ 66.3</b>	<b>\$ 15,118.9</b>	
<b>Three Months Ended March 31, 2014</b>								
Balance at December 31, 2013	362.2	\$ 4,382.2	\$ 10,555.4	\$ (912.1)	\$ 14,025.5	\$ 52.7	\$ 14,078.2	
Net income	—	—	665.5	—	665.5	3.9	669.4	
Other increases in non- controlling interest	—	—	—	—	—	.8	.8	
Other comprehensive income (Note 6)	—	—	—	125.7	125.7	—	125.7	
Common shares issued for benefit plans, including tax benefits, net of employee tax withholdings	1.7	32.4	—	—	32.4	—	32.4	
Repurchases of common shares	(6.5)	(.1)	(464.9)	—	(465.0)	—	(465.0)	
Dividends declared	—	—	(80.5)	—	(80.5)	—	(80.5)	
<b>Balance at March 31, 2014</b>	<b>357.4</b>	<b>\$ 4,414.5</b>	<b>\$ 10,675.5</b>	<b>\$ (786.4)</b>	<b>\$ 14,303.6</b>	<b>\$ 57.4</b>	<b>\$ 14,361.0</b>	

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).

**Consolidated Statements of Cash Flows  
(Unaudited)**

(Millions)	Three Months Ended	
	March 31,	
	2015	2014
Cash flows from operating activities:		
Net income including non-controlling interests	\$ 776.3	\$ 669.4
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized capital gains	(8.1)	(28.5)
Depreciation and amortization	164.0	154.7
Debt fair value amortization	(7.8)	(15.1)
Equity in earnings of affiliates, net	(9.7)	(20.6)
Stock-based compensation expense	49.8	38.8
Amortization of net investment premium	22.3	18.3
Loss on early extinguishment of long-term debt	—	91.9
Changes in assets and liabilities:		
Accrued investment income	(5)	(1.5)
Premiums due and other receivables	(830.4)	(337.0)
Income taxes	629.5	420.3
Other assets and other liabilities	128.7	(70.6)
Health care and insurance liabilities	564.5	501.4
Other, net	(5.2)	.7
<b>Net cash provided by operating activities</b>	<b>1,473.4</b>	<b>1,422.2</b>
Cash flows from investing activities:		
Proceeds from sales and maturities of investments	2,608.9	2,143.6
Cost of investments	(2,493.9)	(2,303.6)
Additions to property, equipment and software	(82.3)	(93.8)
Cash used for acquisitions, net of cash acquired	(10.9)	—
<b>Net cash provided by (used for) investing activities</b>	<b>21.8</b>	<b>(253.8)</b>
Cash flows from financing activities:		
Repayment of long-term debt	(228.8)	(839.7)
Issuance of long-term debt	—	741.9
Net repayment of short-term debt	(203.0)	—
Deposits and interest credited for investment contracts	.9	1.1
Withdrawals of investment contracts	(8.5)	(1.0)
Common shares issued under benefit plans, net	(79.9)	(17.0)
Stock-based compensation tax benefits	27.7	13.9
(Settlements) proceeds from repurchase agreements	(201.7)	156.2
Common shares repurchased	(196.3)	(465.0)
Dividends paid to shareholders	(87.1)	(81.6)
Collateral on interest rate swaps	(21.4)	(16.7)
(Distributions) contributions, non-controlling interests	(1.7)	1.3
<b>Net cash used for financing activities</b>	<b>(999.8)</b>	<b>(506.6)</b>
<b>Net increase in cash and cash equivalents</b>	<b>495.4</b>	<b>661.8</b>
<b>Cash and cash equivalents, beginning of period</b>	<b>1,420.4</b>	<b>1,412.3</b>
<b>Cash and cash equivalents, end of period</b>	<b>\$ 1,915.8</b>	<b>\$ 2,074.1</b>
Supplemental cash flow information:		
Interest paid	\$ 47.6	\$ 72.9
Income taxes (refunded) paid	(66.8)	46.2

Refer to accompanying Condensed Notes to Consolidated Financial Statements (Unaudited).



## Condensed Notes to Consolidated Financial Statements (Unaudited)

### 1. Organization

We conduct our operations in three business segments:

- **Health Care** consists of medical, pharmacy benefit management services, dental, behavioral health and vision plans offered on both an Insured basis (where we assume all or a majority of the risk for medical and dental care costs) and an employer-funded basis (where the plan sponsor under an administrative services contract (“ASC”) assumes all or a majority of this risk) and products and services, such as Accountable Care Solutions, that complement and enhance our medical products. Medical products include point-of-service (“POS”), preferred provider organization (“PPO”), health maintenance organization (“HMO”) and indemnity benefit plans. Medical products also include health savings accounts (“HSAs”) and Aetna HealthFund®, consumer-directed health plans that combine traditional POS or PPO and/or dental coverage, subject to a deductible, with an accumulating benefit account (which may be funded by the plan sponsor and/or the member in the case of HSAs). We also offer Medicare and Medicaid products and services and other medical products, such as medical management and data analytics services, medical stop loss insurance, workers’ compensation administrative services and products that provide access to our provider network in select geographies.
- **Group Insurance** primarily includes group life insurance and group disability products. Group life insurance products are offered on an Insured basis, and include basic and supplemental group term life, group universal life, supplemental or voluntary programs and accidental death and dismemberment coverage. Group disability products consist primarily of short-term and long-term disability products (and products which combine both), which are offered to employers on both an Insured and an ASC basis, and absence management services offered to employers, which include short-term and long-term disability administration and leave management. Group Insurance also includes long-term care products that were offered primarily on an Insured basis, which provide benefits covering the cost of care in private home settings, adult day care, assisted living or nursing facilities. We no longer solicit or accept new long-term care customers.
- **Large Case Pensions** manages a variety of retirement products (including pension and annuity products) primarily for tax-qualified pension plans. These products provide a variety of funding and benefit payment distribution options and other services. Large Case Pensions also includes certain discontinued products (refer to Note 15 beginning on page 33 for additional information).

### 2. Summary of Significant Accounting Policies

#### Interim Financial Statements

These interim financial statements necessarily rely on estimates, including assumptions as to annualized tax rates. In the opinion of management, all adjustments necessary for a fair statement of results for the interim periods have been made. All such adjustments are of a normal, recurring nature. The accompanying unaudited consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and related notes presented in our 2014 Annual Report on Form 10-K (our “2014 Annual Report”). Certain financial information that is normally included in annual financial statements prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), but that is not required for interim reporting purposes, has been condensed or omitted. We have omitted certain footnote disclosures that would substantially duplicate the disclosures in our 2014 Annual Report, unless the information contained in those disclosures materially changed and is required by GAAP. We evaluated subsequent events that occurred after March 31, 2015 through the date the financial statements were issued and determined there were no other items to disclose other than as disclosed in Note 10 beginning on page 27.

## **Reclassifications**

Certain reclassifications were made to 2014 financial information to conform with the 2015 presentation.

## **Principles of Consolidation**

The accompanying unaudited consolidated financial statements have been prepared in accordance with GAAP and include the accounts of Aetna and the subsidiaries we control. All significant intercompany balances have been eliminated in consolidation.

## **Accounting for certain provisions of the Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, "Health Care Reform" or the "ACA")**

We are participating in certain public health insurance exchanges established pursuant to Health Care Reform ("Public Exchanges"). Under regulations established by the U.S. Department of Health and Human Services ("HHS"), HHS pays us a portion of the premium ("Premium Subsidy") and a portion of the health care costs ("Cost Sharing Subsidy") for low-income individual Public Exchange members. In addition, HHS administers certain risk management programs as described below.

We recognize monthly premiums received from Public Exchange members and the Premium Subsidy as premium revenue ratably over the contract period. The Cost Sharing Subsidy offsets health care costs when incurred. We record a liability if the Cost Sharing Subsidy is paid in advance or a receivable if incurred health care costs exceed the Cost Sharing Subsidy received to date.

## **Accounting for Health Care Reform's Reinsurance, Risk Adjustment and Risk Corridor (the "3Rs")**

### *Reinsurance*

Health Care Reform established a temporary three-year reinsurance program, under which all issuers of major medical commercial insurance products and self-insured plan sponsors are required to contribute funding in amounts set by HHS. Funds collected will be utilized to reimburse issuers' high claims costs incurred for qualified individual members. The expense related to this required funding is reflected in general and administrative expenses for all of our insurance products with the exception of products associated with qualified individual members; this expense for qualified individual members is reflected as a reduction of premium revenue. When annual claim costs incurred by our qualified individual members exceed a specified attachment point, we are entitled to certain reimbursements from this program. We record a receivable and offset health care costs to reflect our estimate of these recoveries. As of March 31, 2015 and December 31, 2014, we recorded a receivable under the temporary three-year reinsurance program of approximately \$385 million and \$338 million, respectively.

### *Risk Adjustment*

Health Care Reform established a permanent risk adjustment program to transfer funds from qualified individual and small group insurance plans with below average risk scores to plans with above average risk scores. Based on the risk of our qualified plan members relative to the average risk of members of other qualified plans in comparable markets, we estimate our ultimate risk adjustment receivable or payable and reflect the pro-rata year-to-date impact as an adjustment to our premium revenue. At March 31, 2015 and December 31, 2014, we recorded a net payable of approximately \$428 million and \$230 million, respectively, under the risk adjustment program.

### *Risk Corridor*

Health Care Reform established a temporary three-year risk sharing program for qualified individual and small group insurance plans. Under this program we make (or receive) a payment to (or from) HHS based on the ratio of allowable costs to target costs (as defined by Health Care Reform). We record a risk corridor receivable or payable as an adjustment to premium revenue on a pro-rata year-to-date basis based on our estimate of the ultimate risk sharing amount. At March 31, 2015 and December 31, 2014, we did not record any Health Care Reform risk corridor receivables because payments from HHS under this program are uncertain, and we recorded an immaterial Health Care Reform risk corridor payable at each respective date.

We expect to perform an annual final reconciliation and settlement with HHS of the Cost Sharing Subsidy and 3Rs in each subsequent year.

## **New Accounting Standards**

### *Accounting for Investments in Qualified Affordable Housing Projects*

Effective January 1, 2015, we were permitted to make an accounting policy election to adopt new accounting guidance relating to the recognition of amortization of investments in qualified affordable housing projects. The guidance sets forth a new method of measurement, referred to as the proportional amortization method, under which income and expense items related to qualified affordable housing projects would be recorded in the income taxes line item. We did not make the accounting policy election to adopt this new accounting guidance.

### *Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity*

Effective January 1, 2015, we adopted amended accounting guidance related to when an entity reports a discontinued operation in its financial position and operating results. The guidance clarifies that a discontinued operation is required to be reported if the disposal represents a significant shift that has (or will have) a major effect on an entity's operations and financial results when a component of an entity or a group of components of an entity are either classified as held for sale or are disposed of by sale. The amendments also require additional disclosures about discontinued operations. We had no discontinued operations during the three months ended March 31, 2015.

### *Repurchase-to-Maturity Transactions, Repurchase Financings, and Disclosures*

Effective January 1, 2015, we adopted new accounting guidance related to the accounting for repurchase-to-maturity transactions and repurchase financing arrangements. This guidance aligns the accounting for repurchase-to-maturity transactions and repurchase agreements executed as repurchase financings with other typical repurchase agreements, resulting in these transactions generally being accounted for as secured borrowings. The adoption of this new guidance had no impact on our financial position or operating results. The guidance also requires additional disclosures about repurchase agreements and other similar transactions accounted for as secured borrowings which we will adopt effective April 1, 2015.

## **Future Application of Accounting Standards**

### *Revenue from Contracts with Customers*

Effective January 1, 2017, we will adopt new accounting guidance related to revenue recognition from contracts with customers. This new guidance removes most industry-specific revenue recognition requirements (insurance contracts are not covered by this guidance) and requires that an entity recognize revenue for the transfer of goods or services to a customer at an amount that reflects the consideration to which an entity expects to be entitled in exchange for the goods or services. The new guidance also requires additional disclosures regarding the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts. The new guidance allows an entity to adopt the standard either through a full retrospective approach or a modified retrospective approach with a cumulative effect adjustment to retained earnings. We are still assessing the impact of this standard on our financial position and operating results in addition to evaluating the transition method we will use when we adopt this standard.

### *Accounting for Share-Based Payments When the Terms of an Award Provide That a Performance Target Could Be Achieved after the Requisite Service Period*

Effective January 1, 2016, we will adopt new accounting guidance related to the accounting for share-based payments when the terms of an award provide that a performance target could be achieved after the requisite service period. This guidance clarifies that awards with these provisions should be treated as performance conditions that affect vesting, and do not impact the award's estimated grant-date fair value. Early adoption of this new guidance is permitted. The adoption of this new guidance will not have an impact on our financial position or operating results.

### *Disclosure of Uncertainties About an Entity's Ability to Continue as a Going Concern*

Effective December 31, 2016, we will adopt amended accounting guidance related to management's evaluation of whether there is substantial doubt about an entity's ability to continue as a going concern and the related disclosures. The adoption of this new guidance will not have a material impact on our financial position or operating results.

*Determining Whether the Host Contract in a Hybrid Financial Instrument Issued in the Form of a Share Is More Akin to Debt or to Equity*

Effective December 31, 2015, we will adopt amended accounting guidance related to the approach used in determining whether the host contract in a hybrid financial instrument issued in the form of a share is more akin to debt or equity. Early adoption of this new guidance is permitted. The adoption of this new guidance is not expected to have a material impact on our financial position or operating results.

*Simplifying Income Statement Presentation by Eliminating the Concept of Extraordinary Items*

Effective January 1, 2016, we will adopt amended accounting guidance related to the presentation of extraordinary items. The amendment eliminates the concept of extraordinary items which represent events that are both unusual and infrequent. Presentation and disclosure of items that are unusual or infrequent will be retained, and will be expanded to include items that are both unusual and infrequent. The adoption of this new guidance is not expected to have a material impact on our financial position or operating results.

*Amendments to the Consolidation Analysis*

Effective January 1, 2016, we will adopt amended accounting guidance related to the evaluation of consolidation for certain legal entities. The amendment changes how a reporting entity assesses consolidation, including whether an entity is considered a variable interest entity, determination of the primary beneficiary and how related parties are considered in the analysis. Early adoption of this new guidance is permitted. The adoption of this new guidance is not expected to have a material impact on our financial position or operating results.

*Simplifying the Presentation of Debt Issuance Costs*

Effective January 1, 2016, we will adopt amended accounting guidance related to the financial statement presentation of debt issuance costs. The amendment requires debt issuance costs to be presented as a direct deduction from the carrying amount of our debt liability, consistent with the approach used for debt discounts. Amortization of debt issuance costs will also be reported in the Statements of Income as interest expense, as opposed to general and administrative expenses. Early adoption of this new guidance is permitted. This new guidance must be applied on a full retrospective basis, with all prior periods restated for the new presentation. The adoption of this new guidance will require certain reclassifications in our financial statements and is not expected to have a material impact on our financial position or operating results.

*Customer's Accounting for Fees Paid in a Cloud Computing Arrangement*

Effective January 1, 2016, we will adopt amended accounting guidance related to the evaluation of fees paid by a customer in a cloud computing arrangement. The amendment provides additional guidance that aids in determining whether a cloud computing arrangement contains a software license. Arrangements that do not contain a software license must be accounted for as a service contract. If a software license is included in the cloud computing arrangement, the license element must be accounted for consistent with the acquisition of a software license. Early adoption of this new guidance is permitted. The adoption of this new guidance is not expected to have a material impact on our financial position or operating results.

### **3. Earnings Per Common Share**

Basic earnings per share ("EPS") is computed by dividing net income attributable to Aetna by the weighted average number of common shares outstanding during the reporting period. Diluted EPS is computed in a similar manner, except that the weighted average number of common shares outstanding is adjusted for the dilutive effects of our outstanding stock-based compensation awards, but only if the effect is dilutive.

The computations of basic and diluted EPS for the three months ended March 31, 2015 and 2014 are as follows:

(Millions, except per common share data)	2015		2014	
Net income attributable to Aetna	\$	777.5	\$	665.5
Weighted average shares used to compute basic EPS		349.5		361.6
Dilutive effect of outstanding stock-based compensation awards		3.2		3.4
Weighted average shares used to compute diluted EPS		352.7		365.0
Basic EPS	\$	2.22	\$	1.84
Diluted EPS	\$	2.20	\$	1.82

The stock-based compensation awards excluded from the calculation of diluted EPS for the three months ended March 31, 2015 and 2014 are as follows:

(Millions)	2015		2014	
Stock appreciation rights ("SARs") <sup>(1)</sup>		1.9		1.3
Other stock-based compensation awards <sup>(2)</sup>		1.1		1.3

<sup>(1)</sup> SARs are excluded from the calculation of diluted EPS if the exercise price is greater than the average market price of Aetna common shares during the period (i.e., the awards are anti-dilutive).

<sup>(2)</sup> Performance stock units ("PSUs"), certain market stock units ("MSUs") with performance conditions, and performance stock appreciation rights ("PSARs") are excluded from the calculation of diluted EPS if all necessary performance conditions have not been satisfied at the end of the reporting period.

All outstanding stock options were included in the calculation of diluted EPS for the three months ended March 31, 2014. We no longer have any stock options outstanding as of March 31, 2015.

#### 4. Operating Expenses

For the three months ended March 31, 2015 and 2014, selling expenses (which include broker commissions, the variable component of our internal sales force compensation and premium taxes) and general and administrative expenses were as follows:

(Millions)	2015		2014	
Selling expenses	\$	414.9	\$	402.8
General and administrative expenses:				
Salaries and related benefits		1,206.6		1,119.5
Other general and administrative expenses <sup>(1)(2)</sup>		1,195.2		928.1
Total general and administrative expenses <sup>(3)</sup>		2,401.8		2,047.6
Total operating expenses	\$	2,816.7	\$	2,450.4

<sup>(1)</sup> The three months ended March 31, 2015 and 2014 include estimated fees mandated by the ACA comprised primarily of the health insurer fee of \$218.7 million and \$154.8 million, respectively, and our estimated contribution to the funding of the reinsurance program of \$53.6 million and \$84.9 million, respectively. Refer to Note 2 beginning on page 6 for additional information on fees mandated by the ACA.

<sup>(2)</sup> In the three months ended December 31, 2012, we recorded a charge of \$120.0 million pretax related to the settlement of purported class action litigation regarding Aetna's payment practices related to out-of-network health care providers. That charge included the estimated cost of legal fees of plaintiffs' counsel and the costs of administering the settlement. In the three months ended March 31, 2014, we exercised our right to terminate the settlement agreement. As a result, we released the reserve established in connection with the settlement agreement, net of amounts due to the settlement administrator, which reduced other general and administrative expenses by \$103.0 million pretax in the three months ended March 31, 2014. Refer to Note 12 beginning on page 28 for additional information on the termination of the settlement agreement.

<sup>(3)</sup> The three months ended March 31, 2015 include \$45.6 million of transaction and integration-related costs related to the acquisitions of Coventry Health Care, Inc. ("Coventry"), the InterGlobal group ("InterGlobal") and bSwift LLC ("bswift"). The three months ended March 31, 2014 include \$63.7 million of integration-related costs related to the acquisition of Coventry.

Refer to the reconciliation of operating earnings to net income attributable to Aetna in Note 13 beginning on page 32 for additional information.

## 5. Investments

Total investments at March 31, 2015 and December 31, 2014 were as follows:

(Millions)	March 31, 2015			December 31, 2014		
	Current	Long-term	Total	Current	Long-term	Total
Debt and equity securities available for sale	\$ 2,237.3	\$ 19,346.5	\$ 21,583.8	\$ 2,463.8	\$ 18,977.9	\$ 21,441.7
Mortgage loans	127.6	1,387.6	1,515.2	124.2	1,438.0	1,562.2
Other investments	9.2	1,853.5	1,862.7	7.2	1,778.0	1,785.2
Total investments	\$ 2,374.1	\$ 22,587.6	\$ 24,961.7	\$ 2,595.2	\$ 22,193.9	\$ 24,789.1

At March 31, 2015, we did not have any repurchase agreements outstanding. At December 31, 2014, approximately \$202 million of investments were pledged as collateral under repurchase agreements. At March 31, 2015 and December 31, 2014, approximately \$835 million and \$798 million, respectively, of investments were pledged under securities loan agreements.

## Debt and Equity Securities

Debt and equity securities available for sale at March 31, 2015 and December 31, 2014 were as follows:

(Millions)	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
<b>March 31, 2015</b>				
Debt securities:				
U.S. government securities	\$ 1,341.0	\$ 111.4	\$ (1.3)	\$ 1,451.1
States, municipalities and political subdivisions	4,582.4	285.9	(7.8)	4,860.5
U.S. corporate securities	7,961.7	670.1	(14.3)	8,617.5
Foreign securities	3,252.0	305.2	(10.3)	3,546.9
Residential mortgage-backed securities	884.8	32.4	(1.9)	915.3
Commercial mortgage-backed securities	1,301.5	50.5	(5) <sup>(1)</sup>	1,351.5
Other asset-backed securities	743.6	9.5	(2.8) <sup>(1)</sup>	750.3
Redeemable preferred securities	55.2	12.9	—	68.1
<b>Total debt securities</b>	<b>20,122.2</b>	<b>1,477.9</b>	<b>(38.9)</b>	<b>21,561.2</b>
Equity securities	24.4	2.0	(3.8)	22.6
<b>Total debt and equity securities <sup>(2)</sup></b>	<b>\$ 20,146.6</b>	<b>\$ 1,479.9</b>	<b>\$ (42.7)</b>	<b>\$ 21,583.8</b>
<b>December 31, 2014</b>				
Debt securities:				
U.S. government securities	\$ 1,301.2	\$ 96.3	\$ (.6)	\$ 1,396.9
States, municipalities and political subdivisions	4,540.0	277.2	(7.8)	4,809.4
U.S. corporate securities	8,033.2	606.8	(33.6)	8,606.4
Foreign securities	3,343.6	267.0	(18.3)	3,592.3
Residential mortgage-backed securities	902.7	28.9	(3.9)	927.7
Commercial mortgage-backed securities	1,324.6	52.8	(1.6) <sup>(1)</sup>	1,375.8
Other asset-backed securities	644.7	5.8	(6.5) <sup>(1)</sup>	644.0
Redeemable preferred securities	56.8	12.5	—	69.3
<b>Total debt securities</b>	<b>20,146.8</b>	<b>1,347.3</b>	<b>(72.3)</b>	<b>21,421.8</b>
Equity securities	23.3	.4	(3.8)	19.9
<b>Total debt and equity securities <sup>(2)</sup></b>	<b>\$ 20,170.1</b>	<b>\$ 1,347.7</b>	<b>\$ (76.1)</b>	<b>\$ 21,441.7</b>

<sup>(1)</sup> At March 31, 2015 and December 31, 2014, we held securities for which we previously recognized \$15.6 million and \$18.6 million, respectively, of non-credit related impairments in accumulated other comprehensive loss. These securities had a net unrealized capital gain at March 31, 2015 and December 31, 2014 of \$3.3 million and \$3.6 million, respectively.

<sup>(2)</sup> Investment risks associated with our experience-rated and discontinued products generally do not impact our operating results (refer to Note 15 beginning on page 33 for additional information on our accounting for discontinued products). At March 31, 2015, debt and equity securities with a fair value of approximately \$3.7 billion, gross unrealized capital gains of \$428.1 million and gross unrealized capital losses of \$9.7 million and, at December 31, 2014, debt and equity securities with a fair value of approximately \$3.6 billion, gross unrealized capital gains of \$391.3 million and gross unrealized capital losses of \$16.7 million were included in total debt and equity securities, but support our experience-rated and discontinued products. Changes in net unrealized capital gains (losses) on these securities are not reflected in accumulated other comprehensive income.

The fair value of debt securities at March 31, 2015 is shown below by contractual maturity. Actual maturities may differ from contractual maturities because securities may be restructured, called or prepaid.

(Millions)	Fair Value
Due to mature:	
Less than one year	\$ 1,104.5
One year through five years	5,631.9
After five years through ten years	5,817.1
Greater than ten years	5,990.6
Residential mortgage-backed securities	915.3
Commercial mortgage-backed securities	1,351.5
Other asset-backed securities	750.3
<b>Total</b>	<b>\$ 21,561.2</b>

#### *Mortgage-Backed and Other Asset-Backed Securities*

All of our residential mortgage-backed securities at March 31, 2015 were issued by the Government National Mortgage Association, the Federal National Mortgage Association or the Federal Home Loan Mortgage Corporation and carry agency guarantees and explicit or implicit guarantees by the U.S. Government. At March 31, 2015, our residential mortgage-backed securities had an average credit quality rating of AAA and a weighted average duration of 3.1 years.

Our commercial mortgage-backed securities have underlying loans that are dispersed throughout the United States. Significant market observable inputs used to value these securities include loss severity and probability of default. At March 31, 2015, these securities had an average credit quality rating of AA+ and a weighted average duration of 2.0 years.

Our other asset-backed securities have a variety of underlying collateral (e.g., automobile loans, credit card receivables, home equity loans and commercial loans). Significant market observable inputs used to value these securities include the unemployment rate, loss severity and probability of default. At March 31, 2015, these securities had an average credit quality rating of A+ and a weighted average duration of 1.5 years.

#### **Unrealized Capital Losses and Net Realized Capital Gains (Losses)**

When a debt or equity security is in an unrealized capital loss position, we monitor the duration and severity of the loss to determine if sufficient market recovery can occur within a reasonable period of time. We recognize an other-than-temporary impairment (“OTTI”) when we intend to sell a debt security that is in an unrealized capital loss position or if we determine a credit-related loss on a debt or equity security has occurred.

Summarized below are the debt and equity securities we held at March 31, 2015 and December 31, 2014 that were in an unrealized capital loss position, aggregated by the length of time the investments have been in that position:

(Millions)	Less than 12 months		Greater than 12 months		Total <sup>(1)</sup>	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
<b>March 31, 2015</b>						
Debt securities:						
U.S. government securities	\$ 64.0	\$ .9	\$ 12.9	\$ .4	\$ 76.9	\$ 1.3
States, municipalities and political subdivisions	535.0	4.3	139.3	3.5	674.3	7.8
U.S. corporate securities	567.1	9.6	140.0	4.7	707.1	14.3
Foreign securities	304.3	7.3	72.8	3.0	377.1	10.3
Residential mortgage-backed securities	54.7	.2	106.3	1.7	161.0	1.9
Commercial mortgage-backed securities	76.1	.1	34.1	.4	110.2	.5
Other asset-backed securities	177.2	2.7	16.1	.1	193.3	2.8
Redeemable preferred securities	3.0	—	—	—	3.0	—
Total debt securities	1,781.4	25.1	521.5	13.8	2,302.9	38.9
Equity securities	—	—	1.4	3.8	1.4	3.8
Total debt and equity securities <sup>(1)</sup>	\$ 1,781.4	\$ 25.1	\$ 522.9	\$ 17.6	\$ 2,304.3	\$ 42.7
<b>December 31, 2014</b>						
Debt securities:						
U.S. government securities	\$ 20.6	\$ .1	\$ 19.8	\$ .5	\$ 40.4	\$ .6
States, municipalities and political subdivisions	457.4	2.2	347.4	5.6	804.8	7.8
U.S. corporate securities	1,074.1	19.9	515.2	13.7	1,589.3	33.6
Foreign securities	540.0	12.8	148.0	5.5	688.0	18.3
Residential mortgage-backed securities	3.9	.1	166.9	3.8	170.8	3.9
Commercial mortgage-backed securities	181.5	.7	69.0	.9	250.5	1.6
Other asset-backed securities	373.1	6.1	21.3	.4	394.4	6.5
Redeemable preferred securities	3.0	—	—	—	3.0	—
Total debt securities	2,653.6	41.9	1,287.6	30.4	3,941.2	72.3
Equity securities	8.0	—	1.4	3.8	9.4	3.8
Total debt and equity securities <sup>(1)</sup>	\$ 2,661.6	\$ 41.9	\$ 1,289.0	\$ 34.2	\$ 3,950.6	\$ 76.1

<sup>(1)</sup> At March 31, 2015 and December 31, 2014, debt and equity securities in an unrealized capital loss position of \$9.7 million and \$16.7 million, respectively, and with related fair value of \$221.4 million and \$402.7 million, respectively, related to experience-rated and discontinued products.

We reviewed the securities in the tables above and concluded that these are performing assets generating investment income to support the needs of our business. In performing this review, we considered factors such as the quality of the investment security based on research performed by our internal credit analysts and external rating agencies and the prospects of realizing the carrying value of the security based on the investment's current prospects for recovery. At March 31, 2015, we did not intend to sell these securities, and we did not believe it was more likely than not that we would be required to sell these securities prior to anticipated recovery of their amortized cost basis.

The maturity dates for debt securities in an unrealized capital loss position at March 31, 2015 were as follows:

(Millions)	Supporting discontinued and experience-rated products		Supporting remaining products		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
Due to mature:						
Less than one year	\$ —	\$ —	\$ 27.4	\$ .1	\$ 27.4	\$ .1
One year through five years	5.5	—	505.7	4.6	511.2	4.6
After five years through ten years	112.6	2.3	656.5	11.7	769.1	14.0
Greater than ten years	91.6	3.6	439.1	11.4	530.7	15.0
Residential mortgage-backed securities	—	—	161.0	1.9	161.0	1.9
Commercial mortgage-backed securities	10.3	—	99.9	.5	110.2	.5
Other asset-backed securities	—	—	193.3	2.8	193.3	2.8
<b>Total</b>	<b>\$ 220.0</b>	<b>\$ 5.9</b>	<b>\$ 2,082.9</b>	<b>\$ 33.0</b>	<b>\$ 2,302.9</b>	<b>\$ 38.9</b>

Net realized capital gains (losses) for the three months ended March 31, 2015 and 2014, excluding amounts related to experience-rated contract holders and discontinued products, were as follows:

(Millions)	2015	2014
OTTI losses on debt securities recognized in earnings	\$ (2.4)	\$ (.2)
Net realized capital gains, excluding OTTI losses on debt securities	10.5	28.7
Net realized capital gains	\$ 8.1	\$ 28.5

The net realized capital gains for the three months ended March 31, 2015 were primarily attributable to gains from the sale of debt securities. The net realized capital gains for the three months ended March 31, 2014 were primarily attributable to the recognition of a gain on the termination of interest rate swaps as well as gains from the sale of debt securities. Refer to Note 9 of Condensed Notes to Consolidated Financial Statements beginning on page 26 for more information on the termination of the outstanding interest rate swaps in the first quarter of 2014.

We had no individually material realized capital losses on debt or equity securities that impacted our operating results during three months ended March 31, 2015 or 2014.

Excluding amounts related to experience-rated and discontinued products, proceeds from the sale of debt securities and the related gross realized capital gains and losses for the three months ended March 31, 2015 and 2014 were as follows:

(Millions)	2015	2014
Proceeds on sales	\$ 945.9	\$ 1,092.8
Gross realized capital gains	24.9	24.6
Gross realized capital losses	8.8	13.0

## Mortgage Loans

Our mortgage loans are collateralized by commercial real estate. During the three months ended March 31, 2015 and 2014 we had the following activity in our mortgage loan portfolio:

(Millions)		2015		2014
New mortgage loans	\$	12.7	\$	33.9
Mortgage loans fully repaid		39.5		19.8
Mortgage loans foreclosed		9.0		—

At March 31, 2015 and December 31, 2014, we had no material problem, restructured or potential problem mortgage loans. We also had no material impairment reserves on these loans at March 31, 2015 or December 31, 2014.

We assess our mortgage loans on a regular basis for credit impairments, and annually assign a credit quality indicator to each loan. Our credit quality indicator is internally developed and categorizes our portfolio on a scale from 1 to 7. Category 1 represents loans of superior quality, and Categories 6 and 7 represent loans where collections are potentially at risk. The vast majority of our mortgage loans fall into the Level 2 to 4 ratings. These ratings represent loans where credit risk is minimal to acceptable; however, these loans may display some susceptibility to economic changes. Category 5 represents loans where credit risk is not substantial but these loans warrant management's close attention. These indicators are based upon several factors, including current loan to value ratios, property condition, market trends, creditworthiness of the borrower and deal structure. Based upon our most recent assessments at March 31, 2015 and December 31, 2014, our mortgage loans were given the following credit quality indicators:

(In Millions, except credit ratings indicator)		March 31, 2015		December 31, 2014
1	\$	58.7	\$	59.7
2 to 4		1,416.2		1,443.4
5		13.3		18.6
6 and 7		27.0		40.5
Total	\$	1,515.2	\$	1,562.2

## Variable Interest Entities

In determining whether to consolidate a variable interest entity ("VIE"), we consider several factors, including whether we have the power to direct activities, the obligation to absorb losses and the right to receive benefits that could potentially be significant to the VIE. We have relationships with certain real estate partnerships and one hedge fund partnership that are considered VIEs, but are not consolidated. We record the amount of our investment in these partnerships as long-term investments on our balance sheets and recognize our share of partnership income or losses in earnings. Our maximum exposure to loss as a result of our investment in these partnerships is our investment balance at March 31, 2015 and December 31, 2014 of approximately \$210 million and \$209 million, respectively, and the risk of recapture of tax credits related to the real estate partnerships previously recognized, which we do not consider significant. We do not have a future obligation to fund losses or debts on behalf of these investments; however, we may voluntarily contribute funds. The real estate partnerships construct, own and manage low-income housing developments and had total assets of approximately \$5.8 billion and \$5.7 billion at March 31, 2015 and December 31, 2014, respectively. The hedge fund partnership had total assets of approximately \$6.9 billion and \$7.1 billion at March 31, 2015 and December 31, 2014, respectively.

**Non-controlling (Minority) Interests**

At March 31, 2015 and December 31, 2014, continuing business non-controlling interests were approximately \$66 million and \$69 million, respectively, primarily related to third party interests in our investment holdings as well as third party interests in certain of our operating entities. The non-controlling entities' share was included in total equity. Net loss attributable to non-controlling interests was \$1.2 million for the three months ended March 31, 2015 and net income attributable to non-controlling interests was \$3.9 million for the three months ended March 31, 2014. These non-controlling interests did not have a material impact on our financial position or operating results.

**Net Investment Income**

Sources of net investment income for the three months ended March 31, 2015 and 2014 were as follows:

<b>(Millions)</b>		<b>2015</b>		<b>2014</b>
Debt securities	\$	196.4	\$	198.1
Mortgage loans		21.9		23.9
Other investments		23.9		30.1
Gross investment income		242.2		252.1
Investment expenses		(9.3)		(7.9)
Net investment income <sup>(1)</sup>	\$	232.9	\$	244.2

<sup>(1)</sup> Net investment income includes \$66.6 million and \$80.4 million for the three months ended March 31, 2015 and 2014, respectively, related to investments supporting our experience-rated and discontinued products.

## 6. Other Comprehensive (Loss) Income

Shareholders' equity included the following activity in accumulated other comprehensive loss for the three months ended March 31, 2015 and 2014:

(Millions)	Net Unrealized Gains (Losses)			Pension and OPEB Plans		Total Accumulated Other Comprehensive (Loss) Income
	Securities		Foreign Currency and Derivatives	Unrecognized Net Actuarial Losses	Unrecognized Prior Service Credit	
	Previously Impaired <sup>(1)</sup>	All Other				
<b>Three months ended March 31, 2015</b>						
Balance at December 31, 2014	\$ 34.9	\$ 568.0	\$ (60.9)	\$ (1,670.9)	\$ 17.6	\$ (1,111.3)
Other comprehensive (loss) income before reclassifications	(2.2)	77.9	(13.9)	—	—	61.8
Amounts reclassified from accumulated other comprehensive income	(1.6) <sup>(2)</sup>	7.2 <sup>(2)</sup>	1.0 <sup>(3)</sup>	10.5 <sup>(4)</sup>	(7) <sup>(4)</sup>	16.4
Other comprehensive (loss) income	(3.8)	85.1	(12.9)	10.5	(7)	78.2
Balance at March 31, 2015	\$ 31.1	\$ 653.1	\$ (73.8)	\$ (1,660.4)	\$ 16.9	\$ (1,033.1)
<b>Three months ended March 31, 2014</b>						
Balance at December 31, 2013	\$ 34.2	\$ 326.8	\$ .4	\$ (1,293.8)	\$ 20.3	\$ (912.1)
Other comprehensive income (loss) before reclassifications	1.1	137.2	(12.5)	—	—	125.8
Amounts reclassified from accumulated other comprehensive income	(.4) <sup>(2)</sup>	3.3 <sup>(2)</sup>	(10.1) <sup>(3)</sup>	7.7 <sup>(4)</sup>	(.6) <sup>(4)</sup>	(.1)
Other comprehensive income (loss)	.7	140.5	(22.6)	7.7	(.6)	125.7
Balance at March 31, 2014	\$ 34.9	\$ 467.3	\$ (22.2)	\$ (1,286.1)	\$ 19.7	\$ (786.4)

<sup>(1)</sup> Represents unrealized gains on the non-credit related component of impaired debt securities that we do not intend to sell and subsequent changes in the fair value of any previously impaired security.

<sup>(2)</sup> Reclassifications out of accumulated other comprehensive income for previously impaired debt securities and all other securities are reflected in net realized capital gains (losses) within the Consolidated Statements of Income.

<sup>(3)</sup> Reclassifications out of accumulated other comprehensive income for foreign currency gains (losses) and derivatives are reflected in net realized capital gains (losses) within the Consolidated Statements of Income, except for the effective portion of derivatives related to interest rate swaps which are reflected in interest expense and were not material during the three months ended March 31, 2015 or 2014. Refer to Note 9 of Condensed Notes to Consolidated Financial Statements beginning on page 26 for additional information.

<sup>(4)</sup> Reclassifications out of accumulated other comprehensive income for pension and OPEB plan expenses are reflected in general and administrative expenses within the Consolidated Statements of Income. Refer to Note 8 of Condensed Notes to Consolidated Financial Statements beginning on page 25 for additional information.

Refer to the Consolidated Statements of Comprehensive Income on page 2 for additional information regarding reclassifications out of accumulated other comprehensive income on a pretax basis.

## 7. Financial Instruments

The preparation of our consolidated financial statements in accordance with GAAP requires certain of our assets and liabilities to be reflected at their fair value, and others on another basis, such as an adjusted historical cost basis. In this note, we provide details on the fair value of financial assets and liabilities and how we determine those fair values. We present this information for those financial instruments that are measured at fair value for which the change in fair value impacts net income attributable to Aetna or other comprehensive income separately from other financial assets and liabilities.

### **Financial Instruments Measured at Fair Value in our Balance Sheets**

Certain of our financial instruments are measured at fair value in our balance sheets. The fair values of these instruments are based on valuations that include inputs that can be classified within one of three levels of a hierarchy established by GAAP. The following are the levels of the hierarchy and a brief description of the type of valuation information (“inputs”) that qualifies a financial asset or liability for each level:

- **Level 1** – Unadjusted quoted prices for identical assets or liabilities in active markets.
- **Level 2** – Inputs other than Level 1 that are based on observable market data. These include: quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets, inputs that are observable that are not prices (such as interest rates and credit risks) and inputs that are derived from or corroborated by observable markets.
- **Level 3** – Developed from unobservable data, reflecting our own assumptions.

Financial assets and liabilities are classified based upon the lowest level of input that is significant to the valuation. When quoted prices in active markets for identical assets and liabilities are available, we use these quoted market prices to determine the fair value of financial assets and liabilities and classify these assets and liabilities in Level 1. In other cases where a quoted market price for identical assets and liabilities in an active market is either not available or not observable, we estimate fair value using valuation methodologies based on available and observable market information or by using a matrix pricing model. These financial assets and liabilities would then be classified in Level 2. If quoted market prices are not available, we determine fair value using broker quotes or an internal analysis of each investment’s financial performance and cash flow projections. Thus, financial assets and liabilities may be classified in Level 3 even though there may be some significant inputs that may be observable.

The following is a description of the valuation methodologies used for our financial assets and liabilities that are measured at fair value, including the general classification of such assets and liabilities pursuant to the valuation hierarchy.

**Debt Securities** – Where quoted prices are available in an active market, our debt securities are classified in Level 1 of the fair value hierarchy. Our Level 1 debt securities are comprised primarily of U.S. Treasury securities.

The fair values of our Level 2 debt securities are obtained using models such as matrix pricing, which use quoted market prices of debt securities with similar characteristics, or discounted cash flows to estimate fair value. We review these prices to ensure they are based on observable market inputs that include, but are not limited to, quoted prices for similar assets in active markets, quoted prices for identical assets in inactive markets and inputs that are observable but not prices (for example, interest rates and credit risks). We also review the methodologies and the assumptions used to calculate prices from these observable inputs. On a quarterly basis, we select a sample of our Level 2 debt securities’ prices and compare them to prices provided by a secondary source. Variances over a specified threshold are identified and reviewed to confirm the price provided by the primary source represents an appropriate estimate of fair value. In addition, our internal investment team consistently compares the prices obtained for select Level 2 debt securities to the team’s own independent estimates of fair value for those securities. We obtained one price for each of our Level 2 debt securities and did not adjust any of these prices at March 31, 2015 or December 31, 2014.

We also value certain debt securities using Level 3 inputs. For Level 3 debt securities, fair values are determined by outside brokers or, in the case of certain private placement securities, are priced internally. Outside brokers determine the value of these debt securities through a combination of their knowledge of the current pricing environment and market flows. We obtained one non-binding broker quote for each of these Level 3 debt securities and did not adjust any of these quotes at March 31, 2015 or December 31, 2014. The total fair value of our broker quoted debt securities was approximately \$124 million at March 31, 2015 and \$126 million at December 31, 2014. Examples of these broker quoted Level 3 debt securities include certain U.S. and foreign corporate securities and certain of our commercial mortgage-backed securities as well as other asset-backed securities. For some of our private placement

securities, our internal staff determines the value of these debt securities by analyzing spreads of corporate and sector indices as well as interest spreads of comparable public bonds. Examples of these private placement Level 3 debt securities include certain U.S. and foreign securities and certain tax-exempt municipal securities.

**Equity Securities** – We currently have two classifications of equity securities: those that are publicly traded and those that are privately held. Our publicly-traded securities are classified in Level 1 because quoted prices are available for these securities in an active market. For privately-held equity securities, there is no active market; therefore, we classify these securities in Level 3 because we price these securities through an internal analysis of each investment's financial statements and cash flow projections. Significant unobservable inputs consist of earnings and revenue multiples, discount for lack of marketability and comparability adjustments. An increase or decrease in any of these unobservable inputs would result in a change in the fair value measurement, which may be significant.

**Derivatives** – Where quoted prices are available in an active market, our derivatives are classified in Level 1. Certain of our derivative instruments are valued using models that primarily use market observable inputs and therefore are classified in Level 2 because they are traded in markets where quoted market prices are not readily available.

Financial assets and liabilities measured at fair value on a recurring basis in our balance sheets at March 31, 2015 and December 31, 2014 were as follows:

(Millions)	Level 1	Level 2	Level 3	Total
<b>March 31, 2015</b>				
<b>Assets:</b>				
Debt securities:				
U.S. government securities	\$ 1,253.9	\$ 197.2	\$ —	\$ 1,451.1
States, municipalities and political subdivisions	—	4,859.4	1.1	4,860.5
U.S. corporate securities	—	8,561.4	56.1	8,617.5
Foreign securities	—	3,515.1	31.8	3,546.9
Residential mortgage-backed securities	—	915.3	—	915.3
Commercial mortgage-backed securities	—	1,344.0	7.5	1,351.5
Other asset-backed securities	—	708.5	41.8	750.3
Redeemable preferred securities	—	64.0	4.1	68.1
<b>Total debt securities</b>	<b>1,253.9</b>	<b>20,164.9</b>	<b>142.4</b>	<b>21,561.2</b>
Equity securities	1.8	—	20.8	22.6
Derivatives	—	.3	—	.3
<b>Total</b>	<b>\$ 1,255.7</b>	<b>\$ 20,165.2</b>	<b>\$ 163.2</b>	<b>\$ 21,584.1</b>
<b>Liabilities:</b>				
Derivatives	\$ —	\$ 69.5	\$ —	\$ 69.5
<b>December 31, 2014</b>				
<b>Assets:</b>				
Debt securities:				
U.S. government securities	\$ 1,198.4	\$ 198.5	\$ —	\$ 1,396.9
States, municipalities and political subdivisions	—	4,808.2	1.2	4,809.4
U.S. corporate securities	—	8,548.2	58.2	8,606.4
Foreign securities	—	3,560.7	31.6	3,592.3
Residential mortgage-backed securities	—	927.7	—	927.7
Commercial mortgage-backed securities	—	1,368.3	7.5	1,375.8
Other asset-backed securities	—	602.5	41.5	644.0
Redeemable preferred securities	—	65.2	4.1	69.3
<b>Total debt securities</b>	<b>1,198.4</b>	<b>20,079.3</b>	<b>144.1</b>	<b>21,421.8</b>
Equity securities	1.8	—	18.1	19.9
Derivatives	—	.3	—	.3
<b>Total</b>	<b>\$ 1,200.2</b>	<b>\$ 20,079.6</b>	<b>\$ 162.2</b>	<b>\$ 21,442.0</b>
<b>Liabilities:</b>				
Derivatives	\$ —	\$ 53.4	\$ —	\$ 53.4

There were no transfers between Levels 1 and 2 during the three months ended March 31, 2015 or 2014. During the three months ended March 31, 2015 and 2014, we had an immaterial amount of gross transfers into and out of Level 3 financial assets.

### **Financial Instruments Not Measured at Fair Value in our Balance Sheets**

The following is a description of the valuation methodologies used for estimating the fair value of our financial assets and liabilities that are carried on our balance sheets at adjusted cost or contract value.

**Mortgage loans:** Fair values are estimated by discounting expected mortgage loan cash flows at market rates that reflect the rates at which similar loans would be made to similar borrowers. These rates reflect our assessment of the credit worthiness of the borrower and the remaining duration of the loans. The fair value estimates of mortgage loans of lower credit quality, including problem and restructured loans, are based on the estimated fair value of the underlying collateral.

**Bank loans:** Where fair value is determined by quoted market prices of bank loans with similar characteristics, our bank loans are classified in Level 2. For bank loans classified in Level 3, fair value is determined by outside brokers using their internal analyses through a combination of their knowledge of the current pricing environment and market flows.

**Equity securities:** Certain of our equity securities are carried at cost. The fair values of our cost-method investments are not estimated if there are no identified events or changes in circumstances that may have a significant adverse effect on the fair value of the investment.

#### **Investment contract liabilities:**

- *With a fixed maturity:* Fair value is estimated by discounting cash flows at interest rates currently being offered by, or available to, us for similar contracts.
- *Without a fixed maturity:* Fair value is estimated as the amount payable to the contract holder upon demand. However, we have the right under such contracts to delay payment of withdrawals that may ultimately result in paying an amount different than that determined to be payable on demand.

**Long-term debt:** Fair values are based on quoted market prices for the same or similar issued debt or, if no quoted market prices are available, on the current rates estimated to be available to us for debt of similar terms and remaining maturities.

The carrying value and estimated fair value classified by level of fair value hierarchy for certain of our financial instruments at March 31, 2015 and December 31, 2014 were as follows:

(Millions)	Carrying Value	Estimated Fair Value			Total
		Level 1	Level 2	Level 3	
<b>March 31, 2015</b>					
Assets:					
Mortgage loans	\$ 1,515.2	\$ —	\$ —	\$ 1,581.6	\$ 1,581.6
Bank loans	233.5	—	223.2	9.3	232.5
Equity securities <sup>(1)</sup>	34.9	N/A	N/A	N/A	N/A
Liabilities:					
Investment contract liabilities:					
With a fixed maturity	8.9	—	—	8.9	8.9
Without a fixed maturity	548.8	—	—	542.0	542.0
Long-term debt	7,846.1	—	8,781.8	—	8,781.8
<b>December 31, 2014</b>					
Assets:					
Mortgage loans	\$ 1,562.2	\$ —	\$ —	\$ 1,621.4	\$ 1,621.4
Bank loans	231.2	—	217.6	9.4	227.0
Equity securities <sup>(1)</sup>	34.9	N/A	N/A	N/A	N/A
Liabilities:					
Investment contract liabilities:					
With a fixed maturity	16.6	—	—	16.6	16.6
Without a fixed maturity	557.5	—	—	551.5	551.5
Long-term debt	8,081.3	—	8,764.8	—	8,764.8

<sup>(1)</sup> It was not practical to estimate the fair value of these cost-method investments as it represents shares of unlisted companies.

### Separate Accounts Measured at Fair Value in our Balance Sheets

Separate Accounts assets in our Large Case Pensions business represent funds maintained to meet specific objectives of contract holders. Since contract holders bear the investment risk of these assets, a corresponding Separate Accounts liability has been established equal to the assets. These assets and liabilities are carried at fair value. Net investment income and capital gains and losses accrue directly to such contract holders. The assets of each account are legally segregated and are not subject to claims arising from our other businesses. Deposits, withdrawals, net investment income and realized and unrealized capital gains and losses on Separate Accounts assets are not reflected in our statements of income, shareholders' equity or cash flows.

Separate Accounts assets include debt and equity securities and derivative instruments. The valuation methodologies used for these assets are similar to the methodologies described beginning on page 19. Separate Accounts assets also include investments in common/collective trusts that are carried at fair value. Common/collective trusts invest in other investment funds otherwise known as the underlying funds. The Separate Accounts' interests in the common/collective trust funds are based on the fair values of the investments of the underlying funds and therefore are classified in Level 2. The assets in the underlying funds primarily consist of equity securities. Investments in common/collective trust funds are valued at their respective net asset value per share/unit on the valuation date.

Separate Accounts financial assets at March 31, 2015 and December 31, 2014 were as follows:

(Millions)	March 31, 2015				December 31, 2014			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Debt securities	\$ 698.2	\$ 2,740.3	\$ 3.5	\$ 3,442.0	\$ 876.0	\$ 2,495.0	\$ 2.9	\$ 3,373.9
Equity securities	179.9	5.9	—	185.8	173.3	5.7	—	179.0
Derivatives	—	(1.1)	—	(1.1)	—	.2	—	.2
Common/collective trusts	—	595.9	—	595.9	—	574.0	—	574.0
Total <sup>(1)</sup>	\$ 878.1	\$ 3,341.0	\$ 3.5	\$ 4,222.6	\$ 1,049.3	\$ 3,074.9	\$ 2.9	\$ 4,127.1

<sup>(1)</sup> Excludes \$225.4 million and \$204.4 million of cash and cash equivalents and other receivables at March 31, 2015 and December 31, 2014, respectively.

During the three months ended March 31, 2015 and 2014, we had an immaterial amount of Level 3 Separate Accounts financial assets.

### Offsetting Financial Assets and Liabilities

Certain financial assets and liabilities are offset in our balance sheets or are subject to master netting arrangements or similar agreements with the applicable counterparty. Financial assets, including derivative assets, subject to offsetting and enforceable master netting arrangements as of March 31, 2015 and December 31, 2014 were as follows:

(Millions)	Gross Amounts of Recognized Assets <sup>(1)</sup>	Gross Amounts Not Offset in the Balance Sheets		Net Amount
		Financial Instruments	Cash Collateral Received	
<b>March 31, 2015</b>				
Derivatives	\$ .3	\$ 10.7	\$ —	\$ 11.0
Total	\$ .3	\$ 10.7	\$ —	\$ 11.0
<b>December 31, 2014</b>				
Derivatives	\$ .3	\$ 10.2	\$ —	\$ 10.5
Total	\$ .3	\$ 10.2	\$ —	\$ 10.5

<sup>(1)</sup> There were no amounts offset in our balance sheets at March 31, 2015 or December 31, 2014.

Financial liabilities, including derivative liabilities, subject to offsetting and enforceable master netting arrangements as of March 31, 2015 and December 31, 2014 were as follows:

(Millions)	Gross Amounts of Recognized Liabilities <sup>(1)</sup>	Gross Amounts Not Offset in the Balance Sheets		Net Amount
		Financial Instruments	Cash Collateral Paid	
<b>March 31, 2015</b>				
Derivatives	\$ 69.5	\$ 1.3	\$ (70.4)	.4
Securities lending	864.0	(864.0)	—	—
<b>Total</b>	<b>\$ 933.5</b>	<b>\$ (862.7)</b>	<b>\$ (70.4)</b>	<b>.4</b>
<b>December 31, 2014</b>				
Derivatives	\$ 53.4	\$ .9	\$ (49.0)	5.3
Securities lending	826.9	(826.9)	—	—
Repurchase agreements	201.7	—	—	201.7
<b>Total</b>	<b>\$ 1,082.0</b>	<b>\$ (826.0)</b>	<b>\$ (49.0)</b>	<b>207.0</b>

<sup>(1)</sup> There were no amounts offset in our balance sheets at March 31, 2015 or December 31, 2014.

## 8. Pension and Other Postretirement Plans

### Defined Benefit Retirement Plans

Components of the net periodic benefit (income) cost of our defined benefit pension plans and other postretirement employee benefit (“OPEB”) plans for the three months ended March 31, 2015 and 2014 were as follows:

(Millions)	Pension Plans		OPEB Plans	
	2015	2014	2015	2014
Service cost	\$ —	\$ —	\$ —	\$ —
Amortization of prior service credit	(.1)	(.1)	(.9)	(.9)
Interest cost	65.2	72.1	2.7	3.0
Expected return on plan assets	(104.8)	(105.6)	(.8)	(.8)
Recognized net actuarial losses	15.4	11.7	.7	.2
<b>Net periodic benefit (income) cost</b>	<b>\$ (24.3)</b>	<b>\$ (21.9)</b>	<b>\$ 1.7</b>	<b>\$ 1.5</b>

## 9. Debt

The carrying value of our long-term debt at March 31, 2015 and December 31, 2014 was as follows:

(Millions)	March 31, 2015	December 31, 2014
Senior notes, 6.125%, due 2015 <sup>(1)</sup>	\$ —	\$ 229.3
Senior notes, 5.95%, due 2017	414.3	418.3
Senior notes, 1.75%, due 2017	249.3	249.2
Senior notes, 1.5%, due 2017	498.8	498.6
Senior notes, 2.2%, due 2019	374.7	374.7
Senior notes, 3.95%, due 2020	745.4	745.2
Senior notes, 5.45%, due 2021	685.2	688.6
Senior notes, 4.125%, due 2021	495.7	495.5
Senior notes, 2.75%, due 2022	987.2	986.8
Senior notes, 3.5%, due 2024	747.0	746.9
Senior notes, 6.625%, due 2036	769.8	769.8
Senior notes, 6.75%, due 2037	530.8	530.7
Senior notes, 4.5%, due 2042	480.9	480.8
Senior notes, 4.125%, due 2042	492.9	492.8
Senior notes, 4.75%, due 2044	374.1	374.1
Total long-term debt	7,846.1	8,081.3
Less current portion of long-term debt	—	229.3
Total long-term debt, less current portion	\$ 7,846.1	\$ 7,852.0

<sup>(1)</sup> The 6.125% senior notes were repaid in January 2015. These notes were classified as current in the consolidated balance sheet as of December 31, 2014.

At March 31, 2015, we had approximately \$297 million of commercial paper outstanding with a weighted-average interest rate of .42%. At December 31, 2014, we had approximately \$500 million of commercial paper outstanding with a weighted-average interest rate of .30%.

We are a member of the Federal Home Loan Bank of Boston (the "FHLBB"), and as a member we have the ability to obtain cash advances, subject to certain minimum collateral requirements. Our maximum borrowing capacity available from the FHLBB at March 31, 2015 was approximately \$850 million. At both March 31, 2015 and December 31, 2014, we did not have any outstanding borrowings from the FHLBB.

### *Interest Rate Swaps*

In March 2014, we entered into two interest rate swaps with an aggregate notional value of \$500 million. We designated these swaps as cash flow hedges against interest rate exposure related to the forecasted future issuance of fixed-rate debt to be primarily used to refinance long-term debt maturing in 2017. At March 31, 2015, these interest rate swaps had a pretax fair value loss of \$69 million, which was reflected net of tax in accumulated other comprehensive loss within shareholders' equity.

### *Revolving Credit Facility*

On March 27, 2012, we entered into an unsecured \$1.5 billion five-year revolving credit agreement (the "Credit Agreement") with several financial institutions. On September 24, 2012, in connection with the acquisition of Coventry, we entered into a First Amendment (the "First Amendment") to the Credit Agreement and also entered into an Incremental Commitment Agreement (the "Incremental Commitment"). On March 2, 2015, we entered into a Second Amendment to the Credit Agreement (together with the First Amendment, the Incremental Commitment and the Credit Agreement, resulting in the "Facility"). The Facility is an unsecured \$2.0 billion revolving credit agreement. Upon our agreement with one or more financial institutions, we may expand the aggregate commitments under the Facility to a maximum of \$2.5 billion. The Facility also provides for the issuance of up to \$200 million of letters of credit at our request, which count as usage of the available commitments under the

Facility. In both 2013 and 2014, we extended the maturity date of the Facility by one year. On March 2, 2015, we extended the maturity date of the Facility by an additional year to March 27, 2020.

Various interest rate options are available under the Facility. Any revolving borrowings mature on the termination date of the Facility. We pay facility fees on the Facility ranging from .050% to .150% per annum, depending upon our long-term senior unsecured debt rating. The facility fee was .100% at March 31, 2015. The Facility contains a financial covenant that requires us to maintain a ratio of total debt to consolidated capitalization as of the end of each fiscal quarter at or below 50%. For this purpose, consolidated capitalization equals the sum of total shareholders' equity, excluding any overfunded or underfunded status of our pension and OPEB plans and any net unrealized capital gains and losses, and total debt (as defined in the Facility). We met this requirement at March 31, 2015. There were no amounts outstanding under the Facility at any time during the three months ended March 31, 2015 or 2014.

## 10. Capital Stock

On November 21, 2014 and February 28, 2014, our Board of Directors (our "Board") authorized two separate share repurchase programs of our common stock of up to \$1.0 billion each. During the three months ended March 31, 2015, we repurchased approximately 2 million shares of common stock at a cost of approximately \$196 million. At March 31, 2015, we had remaining authorization to repurchase an aggregate of up to approximately \$1.2 billion of common stock under the November 21, 2014 and February 28, 2014 programs. The repurchases are effected from time to time in the open market, through negotiated transactions, including accelerated share repurchase agreements, and through plans designed to comply with Rule 10b5-1 under the Securities Exchange Act of 1934, as amended.

As described above, from time to time we enter into accelerated share repurchase agreements with unrelated third party financial institutions. The number of shares repurchased under each agreement is based on the volume-weighted average price of our common stock during the purchase period. We completed the following accelerated share repurchase program during the three months ended March 31, 2015:

Trade Date:	Value of Repurchase Program (Millions)	Repurchase Period	Number of Shares Repurchased (Millions)
December 15, 2014	\$ 150.0	January and February 2015	1.6

Under the share repurchase program authorized by our Board, we entered into an accelerated share repurchase agreement with an unrelated third party financial institution on March 2, 2015 to repurchase an aggregate of \$100 million of our outstanding common stock during April 2015. The final number of shares repurchased under the agreement will be determined based on the volume-weighted average price of our common stock during the purchase period.

During the three months ended March 31, 2015 our Board declared the following cash dividend:

Date Declared	Dividend Amount Per Share	Stockholders of Record Date	Date Paid/ To be Paid	Total Dividends (Millions)
February 27, 2015	\$ .25	April 9, 2015	April 24, 2015	\$ 87.3

Declaration and payment of future dividends is at the discretion of our Board and may be adjusted as business needs or market conditions change.

On March 2, 2015, approximately .3 million PSUs, 1.1 million restricted stock units ("RSUs") and 1.9 million SARs were granted to certain employees. The number of vested PSUs (which could range from zero to 200% of the original number of units granted) is dependent upon the degree to which we achieve certain operating performance goals, as determined by our Board's Committee on Compensation and Talent Management, during a three-year performance period which began January 1, 2015 and ends on December 31, 2017. The vesting period

for the PSUs ends on March 2, 2018. Each vested PSU and RSU represents one share of common stock and will be paid in shares of common stock, net of taxes, at the end of the applicable vesting period. The RSUs generally will become 100% vested approximately three years from the grant date, with one-third vesting each December. The SARs, if exercised by the employee, will be settled in common stock, net of taxes, based on the appreciation of our common stock price over \$100.50 per share, the closing price of our common stock on the grant date. SARs will generally become 100% vested approximately three years from the grant date, with one-third vesting on each anniversary of the grant date.

The SARs granted to certain employees during the three months ended March 31, 2015 and 2014 had an estimated fair market value of \$32.13 and \$22.68 per unit, respectively. The fair value per unit was calculated on each respective grant date using a modified Black-Scholes option pricing model using the following assumptions during the three months ended March 31, 2015 and 2014:

	2015	2014
Expected term (in years)	6.48	5.72
Volatility	33.4%	35.8%
Risk-free interest rate	1.81%	1.74%
Dividend yield	1.13%	1.36%
Initial price	\$ 100.50	\$ 72.26

The expected term is based on historical equity award activity. Volatility is based on a weighted average of the historical volatility of our stock price and implied volatility from traded options on our stock. The risk-free interest rate is based on a U.S. Treasury rate with a life equal to the expected life of the SARs grant. This rate was calculated by interpolating between the 5-year and 10-year U.S. Treasury rates for each respective period. The dividend yield is based on our historical dividends in the 12 months prior to the grant date.

## 11. Dividend Restrictions and Statutory Surplus

Under applicable regulatory requirements at March 31, 2015, the amount of dividends that may be paid through the end of 2015 by our insurance and HMO subsidiaries without prior approval by regulatory authorities was approximately \$1.6 billion in the aggregate. There are no such regulatory restrictions on distributions from Aetna to its shareholders. During the first quarter of 2015, our insurance and HMO subsidiaries paid approximately \$682 million of dividends to the Company.

The combined statutory capital and surplus of our insurance and HMO subsidiaries was \$9.1 billion and \$9.4 billion at March 31, 2015 and December 31, 2014, respectively.

## 12. Commitments and Contingencies

### Litigation and Regulatory Proceedings

#### *Out-of-Network Benefit Proceedings*

We are named as a defendant in several purported class actions and individual lawsuits arising out of our practices related to the payment of claims for services rendered to our members by health care providers with whom we do not have a contract (“out-of-network providers”). Among other things, these lawsuits allege that we paid too little to our health plan members and/or providers for these services, among other reasons, because of our use of data provided by Ingenix, Inc., a subsidiary of one of our competitors (“Ingenix”). Other major health insurers are the subject of similar litigation or have settled similar litigation.

Various plaintiffs who are health care providers or medical associations seek to represent nationwide classes of out-of-network providers who provided services to our members during the period from 2001 to the present. Various plaintiffs who are members in our health plans seek to represent nationwide classes of our members who received services from out-of-network providers during the period from 2001 to the present. Taken together, these lawsuits allege that we violated state law, the Employee Retirement Income Security Act of 1974, as amended (“ERISA”),

the Racketeer Influenced and Corrupt Organizations Act and federal antitrust laws, either acting alone or in concert with our competitors. The purported classes seek reimbursement of all unpaid benefits, recalculation and repayment of deductible and coinsurance amounts, unspecified damages and treble damages, statutory penalties, injunctive and declaratory relief, plus interest, costs and attorneys' fees, and seek to disqualify us from acting as a fiduciary of any benefit plan that is subject to ERISA. Individual lawsuits that generally contain similar allegations and seek similar relief have been brought by health plan members and out-of-network providers.

The first class action case was commenced on July 30, 2007. The federal Judicial Panel on Multi-District Litigation (the "MDL Panel") has consolidated these class action cases in the U.S. District Court for the District of New Jersey (the "New Jersey District Court") under the caption *In re: Aetna UCR Litigation*, MDL No. 2020 ("MDL 2020"). In addition, the MDL Panel has transferred the individual lawsuits to MDL 2020. On May 9, 2011, the New Jersey District Court dismissed the physician plaintiffs from MDL 2020 without prejudice. The New Jersey District Court's action followed a ruling by the United States District Court for the Southern District of Florida (the "Florida District Court") that the physician plaintiffs were enjoined from participating in MDL 2020 due to a prior settlement and release. The United States Court of Appeals for the Eleventh Circuit has dismissed the physician plaintiffs' appeal of the Florida District Court's ruling.

On December 6, 2012, we entered into an agreement to settle MDL 2020. Under the terms of the proposed nationwide settlement, we would have been released from claims relating to our out-of-network reimbursement practices from the beginning of the applicable settlement class period through August 30, 2013. The settlement agreement did not contain an admission of wrongdoing. The medical associations were not parties to the settlement agreement.

Under the settlement agreement, we would have paid up to \$120 million to fund claims submitted by health plan members and health care providers who were members of the settlement classes. These payments also would have funded the legal fees of plaintiffs' counsel and the costs of administering the settlement. In connection with the proposed settlement, the Company recorded an after-tax charge to net income attributable to Aetna of approximately \$78 million in the fourth quarter of 2012.

The settlement agreement provided us the right to terminate the agreement under certain conditions related to settlement class members who opted out of the settlement. Based on a report provided to the parties by the settlement administrator, the conditions permitting us to terminate the settlement agreement were satisfied. On March 13, 2014, we notified the New Jersey District Court and plaintiffs' counsel that we were terminating the settlement agreement. Various legal and factual developments since the date of the settlement agreement led us to believe terminating the settlement agreement was in our best interests. We intend to vigorously defend ourselves against the claims brought by the plaintiffs. As a result of this termination, we released the reserve established in connection with the settlement agreement, net of amounts due to the settlement administrator, which reduced first quarter 2014 other general and administrative expenses by \$67.0 million (\$103.0 million pretax).

We also have received subpoenas and/or requests for documents and other information from, and been investigated by, attorneys general and other state and/or federal regulators, legislators and agencies relating to our out-of-network benefit payment and administration practices. It is reasonably possible that others could initiate additional litigation or additional regulatory action against us with respect to our out-of-network benefit payment and/or administration practices.

#### *CMS Actions*

The Centers for Medicare & Medicaid Services ("CMS") regularly audits our performance to determine our compliance with CMS's regulations and our contracts with CMS and to assess the quality of services we provide to Medicare beneficiaries. CMS uses various payment mechanisms to allocate and adjust premium payments to our and other companies' Medicare plans by considering the applicable health status of Medicare members as supported by information prepared, maintained and provided by health care providers. We collect claim and encounter data from providers and generally rely on providers to appropriately code their submissions to us and document their medical records, including the diagnosis data submitted to us with claims. CMS pays increased premiums to Medicare Advantage plans and prescription drug program plans for members who have certain medical conditions

identified with specific diagnosis codes. Federal regulators review and audit the providers' medical records to determine whether those records support the related diagnosis codes that determine the members' health status and the resulting risk-adjusted premium payments to us. In that regard, CMS has instituted risk adjustment data validation ("RADV") audits of various Medicare Advantage plans, including certain of the Company's plans, to validate coding practices and supporting medical record documentation maintained by health care providers and the resulting risk adjusted premium payments to the plans. CMS may require us to refund premium payments if our risk adjusted premiums are not properly supported by medical record data. The Office of Inspector General (the "OIG") also is auditing risk adjustment data of other companies, and we expect CMS and the OIG to continue auditing risk adjustment data.

CMS revised its audit methodology for RADV audits to determine refunds payable by Medicare Advantage plans for contract year 2011 and forward. Under the revised methodology, among other things, CMS will project the error rate identified in the audit sample of approximately 200 members to all risk adjusted premium payments made under the contract being audited. Historically, CMS did not project sample error rates to the entire contract. As a result, the revised methodology may increase our exposure to premium refunds to CMS based on incomplete medical records maintained by providers. During 2013, CMS selected certain of our Medicare Advantage contracts for contract year 2011 for audit. We are currently unable to predict which of our Medicare Advantage contracts will be selected for future audit, the amounts of any retroactive refunds of, or prospective adjustments to, Medicare Advantage premium payments made to us, the effect of any such refunds or adjustments on the actuarial soundness of our Medicare Advantage bids, or whether any RADV audit findings would cause a change to our method of estimating future premium revenue in future bid submissions to CMS or compromise premium assumptions made in our bids for prior contract years or the current contract year. Any premium or fee refunds or adjustments resulting from regulatory audits, whether as a result of RADV, Public Exchange related or other audits by CMS, the OIG, HHS or otherwise, including audits of our minimum medical loss ratio rebates, methodology and/or reports, could be material and could adversely affect our operating results, financial position and cash flows.

#### *Other Litigation and Regulatory Proceedings*

We are involved in numerous other lawsuits arising, for the most part, in the ordinary course of our business operations, including claims of or relating to bad faith, medical malpractice, non-compliance with state and federal regulatory regimes, marketing misconduct, failure to timely or appropriately pay or administer claims and benefits in our Health Care and Group Insurance businesses (including our post-payment audit and collection practices and reductions in payments to providers due to sequestration), provider network structure (including the use of performance-based networks and termination of provider contracts), provider directory accuracy, rescission of insurance coverage, improper disclosure of personal information, anticompetitive practices, patent infringement and other intellectual property litigation, other legal proceedings in our Health Care and Group Insurance businesses and employment litigation. Some of these other lawsuits are or are purported to be class actions. We intend to vigorously defend ourselves against the claims brought in these matters.

Awards to us and others of certain government contracts, particularly in our Medicaid business, are subject to increasingly frequent protests by unsuccessful bidders. These protests may result in awards to us being reversed, delayed or modified. The loss or delay in implementation of any government contract could adversely affect our operating results. We will continue to defend vigorously contract awards we receive.

In addition, our operations, current and past business practices, current and past contracts, and accounts and other books and records are subject to routine, regular and special investigations, audits, examinations and reviews by, and from time to time we receive subpoenas and other requests for information from, CMS, the U.S. Department of Health and Human Services, various state insurance and health care regulatory authorities, state attorneys general and offices of inspector general, the Center for Consumer Information and Insurance Oversight, OIG, the Office of Personnel Management, the U.S. Department of Labor, the U.S. Department of the Treasury, the U.S. Food and Drug Administration, committees, subcommittees and members of the U.S. Congress, the U.S. Department of Justice, the Federal Trade Commission, U.S. attorneys and other state, federal and international governmental authorities. These government actions include inquiries by, and testimony before, certain members, committees and subcommittees of the U.S. Congress regarding certain of our current and past business practices, including our

overall claims processing and payment practices, our business practices with respect to our small group products, student health products or individual customers (such as market withdrawals, rating information, premium increases and medical benefit ratios), executive compensation matters and travel and entertainment expenses, as well as the investigations by, and subpoenas and requests from, attorneys general and others described above under “Out-of-Network Benefit Proceedings.”

A significant number of states are investigating life insurers’ claims payment and related escheat practices, and these investigations have resulted in significant charges to earnings by other life insurers in connection with related settlements. We have received requests for information from a number of states, and certain of our subsidiaries are being audited, with respect to our life insurance claim payment and related escheat practices. In the fourth quarter of 2013, we made changes to our life insurance claim payment practices (including related escheatment practices) based on evolving industry practices and regulatory expectations and interpretations, including expanding our existing use of the Social Security Administration’s Death Master File to identify additional potentially unclaimed death benefits and locate applicable beneficiaries. As a result of these changes, in the fourth quarter of 2013, we increased our estimated liability for unpaid life insurance claims with respect to insureds who passed away on or before December 31, 2013, and recorded in current and future benefits a charge of \$35.7 million (\$55.0 million pretax). Given the legal and regulatory uncertainty with respect to life insurance claim payment and related escheat practices, it is reasonably possible that we may incur additional liability related to those practices, whether as a result of further changes in our business practices, litigation, government actions or otherwise, which could adversely affect our operating results and cash flows.

There also continues to be a heightened level of review by regulatory authorities of, and increased litigation regarding, our and the rest of the health care and related benefits industry’s business and reporting practices, including premium rate increases, utilization management, development and application of medical policies, complaint, grievance and appeal processing, information privacy, provider network structure (including provider network adequacy, the use of performance-based networks and termination of provider contracts), provider directory accuracy, calculation of minimum medical loss ratios, delegated arrangements, rescission of insurance coverage, limited benefit health products, student health products, pharmacy benefit management practices (including the use of narrow networks and the placement of drugs in formulary tiers), sales practices, customer service practices, and claim payment practices (including payments to out-of-network providers and payments on life insurance policies).

As a leading national health and related benefits company, we regularly are the subject of government actions of the types described above. These government actions may prevent or delay us from implementing planned premium rate increases and may result, and have resulted, in restrictions on our business, changes to or clarifications of our business practices, retroactive adjustments to premiums, refunds or other payments to members, beneficiaries, states or the federal government, withholding of premium payments to us by government agencies, assessments of damages, civil or criminal fines or penalties, or other sanctions, including the possible suspension or loss of licensure and/or suspension or exclusion from participation in government programs.

Estimating the probable losses or a range of probable losses resulting from litigation, government actions and other legal proceedings is inherently difficult and requires an extensive degree of judgment, particularly where the matters involve indeterminate claims for monetary damages, may involve fines, penalties or punitive damages that are discretionary in amount, involve a large number of claimants or regulatory authorities, represent a change in regulatory policy, present novel legal theories, are in the early stages of the proceedings, are subject to appeal or could result in a change in business practices. In addition, because most legal proceedings are resolved over long periods of time, potential losses are subject to change due to, among other things, new developments, changes in litigation strategy, the outcome of intermediate procedural and substantive rulings and other parties’ settlement posture and their evaluation of the strength or weakness of their case against us. Except as specifically noted above under “Other Litigation and Regulatory Proceedings,” we are currently unable to predict the ultimate outcome of, or reasonably estimate the losses or a range of losses resulting from, the matters described above, and it is reasonably possible that their outcome could be material to us.

### 13. Segment Information

Our operations are conducted in three business segments: Health Care, Group Insurance and Large Case Pensions. Our Corporate Financing segment is not a business segment; it is added to our business segments to reconcile to our consolidated results. The Corporate Financing segment includes interest expense on our outstanding debt and the financing components of our pension and OPEB plan expense (the service cost and prior service cost components of this expense are allocated to our business segments). Non-GAAP financial measures we disclose, such as operating earnings, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

Summarized financial information of our segments for the three months ended March 31, 2015 and 2014 were as follows:

(Millions)	Health Care	Group Insurance	Large Case Pensions	Corporate Financing	Total Company
<b>Three Months Ended March 31, 2015</b>					
Revenue from external customers	\$ 14,285.8	\$ 554.5	\$ 12.8	\$ —	\$ 14,853.1
Operating earnings (loss) <sup>(1)</sup>	835.6	43.9	2.1	(37.3)	844.3
<b>Three Months Ended March 31, 2014</b>					
Revenue from external customers	\$ 13,131.4	\$ 544.4	\$ 46.3	\$ —	\$ 13,722.1
Operating earnings (loss) <sup>(1)</sup>	719.0	41.2	4.8	(43.0)	722.0

<sup>(1)</sup> Operating earnings (loss) excludes net realized capital gains or losses, amortization of other acquired intangible assets and the other items described in the reconciliation below.

A reconciliation of operating earnings<sup>(1)</sup> to net income attributable to Aetna for the three months ended March 31, 2015 and 2014 was as follows:

(Millions)	2015	2014
Operating earnings <sup>(1)</sup>	\$ 844.3	\$ 722.0
Transaction and integration-related costs, net of tax	(30.7)	(41.9)
Loss on early extinguishment of long-term debt, net of tax	—	(59.7)
Release of litigation-related reserve, net of tax	—	67.0
Amortization of other acquired intangible assets, net of tax	(41.1)	(40.4)
Net realized capital gains, net of tax	5.0	18.5
Net income attributable to Aetna	\$ 777.5	\$ 665.5

- <sup>(1)</sup> In addition to net realized capital gains and amortization of other acquired intangible assets, the following other items are excluded from operating earnings because we believe they neither relate to the ordinary course of our business nor reflect our underlying business performance:
- We incurred transaction and integration-related costs of \$30.7 million (\$45.6 million pretax) during the three months ended March 31, 2015, related to the acquisitions of Coventry, InterGlobal and bswift, and integration-related costs of \$41.9 million (\$63.7 million pretax) during the three months ended March 31, 2014, related to the acquisition of Coventry. Transaction costs include advisory, legal and other professional fees which are not deductible for tax purposes and are reflected in our GAAP Consolidated Statements of Income in general and administrative expenses.
  - We incurred a loss on the early extinguishment of long-term debt of \$59.7 million (\$91.9 million pretax) during the three months ended March 31, 2014 related to the redemption of our 6.0% senior notes due 2016.
  - We recorded a charge of \$78.0 million (\$120.0 million pretax) during the three months ended December 31, 2012 related to the settlement of purported class action litigation regarding our payment practices related to out-of-network health care providers. That charge included the estimated cost of legal fees of plaintiffs' counsel and the costs of administering the settlement. During the three months ended March 31, 2014, we exercised our right to terminate the settlement agreement. As a result, we released the reserve established in connection with the settlement agreement, net of amounts due to the settlement administrator, which reduced other general and administrative expenses by \$67.0 million (\$103.0 million pretax) in the three months ended March 31, 2014. Refer to Note 12 beginning on page 28 for additional information on the termination of the settlement agreement.

#### 14. Reinsurance

In January 2015, we entered into three-year reinsurance agreements with Vitality Re VI Limited, an unrelated insurer. The agreements allow us to reduce our required capital and provide \$200 million of collateralized excess of loss reinsurance coverage on a portion of Aetna's group Commercial Insured Health Care business. The Company's similar reinsurance agreements with Vitality Re III Limited expired in January 2015.

#### 15. Discontinued Products

Prior to 1993, we sold single-premium annuities ("SPAs") and guaranteed investment contracts ("GICs"), primarily to employer sponsored pension plans. In 1993, we discontinued selling these products to Large Case Pensions customers, and now we refer to these products as discontinued products.

We discontinued selling these products because they were generating losses for us, and we projected that they would continue to generate losses over their life (which is currently greater than 30 years for SPAs); so we established a reserve for anticipated future losses at the time of discontinuance. At both March 31, 2015 and December 31, 2014, our remaining GIC liability was not material. This reserve represents the present value (at the risk-free rate of return at the time of discontinuance, consistent with the duration of the liabilities) of the difference between the expected cash flows from the assets supporting these products and the cash flows expected to be required to meet the obligations of the outstanding contracts.

Key assumptions in setting the reserve for anticipated future losses include future investment results, payments to retirees, mortality and retirement rates and the cost of asset management and customer service. In 2014, we modified the mortality tables used in order to reflect the more up-to-date 2014 Retired Pensioner's Mortality table. The mortality tables were previously modified in 2012, in order to reflect the more up-to-date 2000 Retired Pensioner's Mortality table, and in 1995, in order to reflect the more up-to-date 1994 Uninsured Pensioner's Mortality table. In 1997, we began the use of a bond default assumption to reflect historical default experience. Other than these changes, since 1993 there have been no significant changes to the assumptions underlying the reserve.

We review the adequacy of this reserve quarterly based on actual experience. As long as our expected future losses remain consistent with prior projections, the results of the discontinued products are applied against the reserve and do not impact net income attributable to Aetna. If actual or expected future losses are greater than we currently estimate, we may increase the reserve, which could adversely impact net income attributable to Aetna. If actual or expected future losses are less than we currently estimate, we may decrease the reserve, which could favorably impact net income attributable to Aetna. The reserve at each of March 31, 2015 and December 31, 2014 reflects management's best estimate of anticipated future losses, and is included in future policy benefits on our balance sheet.

The activity in the reserve for anticipated future losses on discontinued products for the three months ended March 31, 2015 and 2014 was as follows (pretax):

(Millions)		2015		2014
Reserve, beginning of period	\$	1,014.7	\$	979.5
Operating income		3.1		5.8
Net realized capital gains		19.0		6.3
Reserve, end of period	\$	1,036.8	\$	991.6

During the three months ended March 31, 2015, our discontinued products reflected operating income and net realized capital gains, primarily attributable to gains from the sale of debt securities and investment real estate. During the three months ended March 31, 2014, our discontinued products reflected operating income and net realized capital gains, primarily attributable to gains from the sale of debt securities. We evaluated these results against the expectations of future cash flows assumed in estimating the reserve for anticipated future losses and did not believe that an adjustment to the reserve was required at March 31, 2015 or 2014.

Assets and liabilities supporting discontinued products at March 31, 2015 and December 31, 2014 were as follows: <sup>(1)</sup>

(Millions)	2015		2014	
<b>Assets:</b>				
Debt and equity securities available for sale	\$	2,384.2	\$	2,376.2
Mortgage loans		349.8		386.8
Other investments		706.5		662.2
<b>Total investments</b>		<b>3,440.5</b>		<b>3,425.2</b>
Other assets		93.1		112.9
Collateral received under securities loan agreements		201.2		200.7
Receivable from continuing products <sup>(2)</sup>		575.2		566.5
<b>Total assets</b>	<b>\$</b>	<b>4,310.0</b>	<b>\$</b>	<b>4,305.3</b>
<b>Liabilities:</b>				
Future policy benefits	\$	2,603.3	\$	2,645.8
Reserve for anticipated future losses on discontinued products		1,036.8		1,014.7
Collateral payable under securities loan agreements		201.2		200.7
Current and deferred income taxes		24.8		27.9
Other liabilities <sup>(3)</sup>		443.9		416.2
<b>Total liabilities</b>	<b>\$</b>	<b>4,310.0</b>	<b>\$</b>	<b>4,305.3</b>

<sup>(1)</sup> Assets supporting the discontinued products are distinguished from assets supporting continuing products.

<sup>(2)</sup> At the time of discontinuance, a receivable from Large Case Pensions' continuing products was established on the discontinued products balance sheet. This receivable represented the net present value of anticipated cash shortfalls in the discontinued products, which will be funded from continuing products. Interest on the receivable is accrued at the discount rate that was used to calculate the reserve. The offsetting payable, on which interest is similarly accrued, is reflected in continuing products. Interest on the payable generally offsets investment income on the assets available to fund the shortfall. These amounts are eliminated in consolidation.

<sup>(3)</sup> Net unrealized capital gains on the available-for-sale debt securities are included in other liabilities and are not reflected in consolidated shareholders' equity.

The distributions on our discontinued products consisted of scheduled contract maturities, settlements and benefit payments of \$91 million and \$97 million for the three months ended March 31, 2015 and 2014, respectively. There were no participant-directed withdrawals from our discontinued products during the three months ended March 31, 2015 or 2014. Cash required to fund these distributions was provided by earnings and scheduled payments on, and sales of, invested assets.

## **Report of Independent Registered Public Accounting Firm**

The Board of Directors and Shareholders  
Aetna Inc.:

We have reviewed the accompanying consolidated balance sheet of Aetna Inc. and subsidiaries as of March 31, 2015, the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for the three-month periods ended March 31, 2015 and 2014. These consolidated financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Aetna Inc. and subsidiaries as of December 31, 2014, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 27, 2015, we expressed an unqualified opinion on those consolidated financial statements. In our opinion, the information set forth in the accompanying consolidated balance sheet as of December 31, 2014, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ KPMG LLP

Hartford, Connecticut  
April 28, 2015

## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

### OVERVIEW

We are one of the nation's leading diversified health care benefits companies, serving an estimated 46 million people with information and resources to help them in consultation with their health care professionals make better informed decisions about their health care. We offer a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, medical management capabilities, Medicaid health care management services, Medicare Advantage and Medicare supplement plans, workers' compensation administrative services and health information technology products and services, such as Accountable Care Solutions ("ACS"). Our customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers ("providers"), governmental units, government-sponsored plans, labor groups and expatriates. Our operations are conducted in three business segments: Health Care, Group Insurance and Large Case Pensions.

The following MD&A provides a review of our financial condition at March 31, 2015 and December 31, 2014 and operating results for the three months ended March 31, 2015 and 2014. This Overview should be read in conjunction with the entire MD&A, which contains detailed information that is important to understanding our operating results and financial condition, the consolidated financial statements and other data presented in this Quarterly Report on Form 10-Q as well as the MD&A contained in our 2014 Annual Report on Form 10-K (the "2014 Annual Report"). This Overview is qualified in its entirety by the full MD&A.

### Summarized Results for the Three Months Ended March 31, 2015 and 2014:

(Millions, except where indicated)		2015		2014
Total revenue	\$	15,094.1	\$	13,994.8
Net income attributable to Aetna		777.5		665.5
Operating earnings <sup>(1)</sup>		844.3		722.0
Total medical membership (in thousands)		23,670		22,719
Cash flows from operations		1,473.4		1,422.2

<sup>(1)</sup> Our discussion of operating results is based on operating earnings, which is a non-GAAP measure of net income attributable to Aetna (the term "GAAP" refers to U.S. generally accepted accounting principles). Non-GAAP financial measures we disclose, such as operating earnings, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP. Refer to "Segment Results and Use of Non-GAAP Measures in this Document" beginning on page 37 for a discussion of non-GAAP measures. Refer to Note 13 of Condensed Notes to Consolidated Financial Statements beginning on page 32 for a reconciliation of our operating earnings to net income attributable to Aetna.

Our operating earnings increased for the three months ended March 31, 2015 compared to the corresponding period in 2014, primarily as a result of higher underwriting margins (calculated as premiums less health care costs) in our Health Care segment, partially offset by an increase in general and administrative expenses.

Total revenue increased during the three months ended March 31, 2015 compared to the corresponding period in 2014 primarily due to membership growth in our Health Care businesses as well as higher Health Care premium yields.

Total medical membership at March 31, 2015 increased compared to March 31, 2014, reflecting growth in each of our Commercial, Medicare and Medicaid products. Refer to "Health Care - Membership" beginning on page 41 for additional information on our medical membership.

We continued to generate strong cash flows from operations in 2015 and 2014, generating \$1.6 billion and \$1.5 billion of cash flows from operations in our Health Care and Group Insurance businesses during the three months ended March 31, 2015 and 2014, respectively. During 2015, these cash flows funded our ordinary course operating activities as well as the following:

- The repayment of the entire \$229 million aggregate principal amount of our 6.125% senior notes due January 2015;
- Repurchases of shares of our common stock of approximately \$196 million; and
- The payment of cash dividends to shareholders of approximately \$87 million.

Refer to “Liquidity and Capital Resources” beginning on page 47 and Note 10 of Condensed Notes to Consolidated Financial Statements on page 27 for additional information.

### **Health Care Reform**

The Patient Protection and Affordable Care Act and the Health Care and Education Reconciliation Act of 2010 (collectively, “Health Care Reform” or “ACA”) has changed and will continue to make broad-based changes to the U.S. health care system which could significantly affect the U.S. economy and we expect will continue to significantly impact our business operations and financial results, including our pricing, our medical benefit ratios (“MBRs”) and the geographies in which our products are available. Health Care Reform presents us with new business opportunities, but also with new financial and regulatory challenges. It is reasonably possible that Health Care Reform, in the aggregate, could have a material adverse effect on our business operations and financial results.

The non tax-deductible health insurer fee applicable to 2015 is payable in September 2015 and is being recorded within operating expenses. We project that our expense for this fee in 2015 will be approximately \$875 million. In aggregate, we expect our portion of the total fees, taxes and assessments imposed by Health Care Reform to be approximately \$1.1 billion in 2015.

For additional information on Health Care Reform, refer to “MD&A-Overview-Health Care Reform,” “Regulatory Environment” and “Forward-Looking Information/Risk Factors” in our 2014 Annual Report.

### **Medicare Update**

On April 6, 2015, CMS issued its Final Notice detailing final 2016 Medicare Advantage benchmark payment rates (the “Final Notice”). We project the benchmark rates in the Final Notice will increase funding for our Medicare Advantage business by approximately 1% in 2016 compared to 2015.

### **Segment Results and Use of Non-GAAP Measures in this Document**

The following discussion of operating results is presented based on our reportable segments in accordance with the accounting guidance for segment reporting and is consistent with our segment disclosure included in Note 13 of Condensed Notes to Consolidated Financial Statements beginning on page 32. Our operations are conducted in three business segments: Health Care, Group Insurance and Large Case Pensions. Our Corporate Financing segment is not a business segment; it is added to our business segments to reconcile our segment reporting to our consolidated results. The Corporate Financing segment includes interest expense on our outstanding debt and the financing components of our pension and other postretirement employee benefit plans (“OPEB”) expense (the service cost and prior service cost components of this expense are allocated to our business segments).

Our discussion of operating results is based on operating earnings. Operating earnings exclude from net income attributable to Aetna reported in accordance with GAAP, net realized capital gains or losses, amortization of other acquired intangible assets and other items, if any, that neither relate to the ordinary course of our business nor reflect our underlying business performance. Although the excluded items may recur, we believe excluding them from net income attributable to Aetna to arrive at operating earnings provides a more useful comparison of our underlying business performance from period to period. Net realized capital gains and losses arise from various types of transactions, primarily in the course of managing a portfolio of assets that support the payment of liabilities. Amortization of other acquired intangible assets relates to our acquisition activities, including Coventry Health Care, Inc. (“Coventry”), the InterGlobal group (“InterGlobal”) and bSwift LLC (“bswift”). These

transactions and amortization do not directly relate to the underwriting or servicing of products for our customers and are not directly related to the core performance of our business operations. Operating earnings is the measure reported to our Chief Executive Officer for purposes of assessing financial performance and making operating decisions, such as the allocation of resources among our business segments. In each business segment discussion in this MD&A, we provide a table that reconciles operating earnings to net income attributable to Aetna. Each table details the net realized capital gains or losses, amortization of other acquired intangible assets and any other items excluded from net income attributable to Aetna, and the footnotes to each table describe the nature of each other item and why we believe it is appropriate to exclude that item from net income attributable to Aetna. Non-GAAP financial measures we disclose, such as operating earnings, should not be considered a substitute for, or superior to, financial measures determined or calculated in accordance with GAAP.

## **HEALTH CARE**

Health Care consists of medical, pharmacy benefit management services, dental, behavioral health and vision plans offered on both an Insured basis and an ASC basis and Healthagen® products and services, such as ACS, that complement and enhance our medical products. Medical products include point-of-service (“POS”), preferred provider organization (“PPO”), health maintenance organization (“HMO”) and indemnity benefit plans. Medical products also include health savings accounts (“HSAs”) and Aetna HealthFund®, consumer-directed health plans that combine traditional POS or PPO and/or dental coverage, subject to a deductible, with an accumulating benefit account (which may be funded by the plan sponsor and/or the member in the case of HSAs). We also offer Medicare and Medicaid products and services and other medical products, such as medical management and data analytics services, medical stop loss insurance, workers’ compensation administrative services and products that provide access to our provider networks in select geographies. We separately track premiums and health care costs for Government businesses (which represents our combined Medicare and Medicaid products). All other medical, dental and other Health Care products are referred to as Commercial. We refer to insurance products (where we assume all or a majority of the risk for medical and dental care costs) as “Insured” and administrative services contract products (where the plan sponsor assumes all or a majority of the risk for medical and dental care costs) as “ASC.”

## Operating Summary for the Three Months Ended March 31, 2015 and 2014:

(Millions)	2015	2014
Premiums:		
Commercial	\$ 7,209.7	\$ 6,814.6
Government	5,730.4	5,097.1
Total premiums	12,940.1	11,911.7
Fees and other revenue	1,345.7	1,219.7
Net investment income	97.5	86.9
Net realized capital gains	4.6	26.7
Total revenue	14,387.9	13,245.0
Health care costs	10,240.5	9,576.3
Operating expenses:		
Selling expenses	386.3	374.3
General and administrative expenses	2,335.9	1,984.4
Total operating expenses	2,722.2	2,358.7
Amortization of other acquired intangible assets	63.2	61.1
Total benefits and expenses	13,025.9	11,996.1
Income before income taxes	1,362.0	1,248.9
Income taxes	597.7	525.2
Net income including non-controlling interests	764.3	723.7
Less: Net (loss) income attributable to non-controlling interests	(2.2)	2.0
Net income attributable to Aetna	\$ 766.5	\$ 721.7

The table presented below reconciles net income attributable to Aetna to operating earnings <sup>(1)</sup> for the three months ended March 31, 2015 and 2014:

(Millions)	2015	2014
Net income attributable to Aetna	\$ 766.5	\$ 721.7
Transaction and integration-related costs, net of tax	30.7	41.9
Release of litigation-related reserve, net of tax	—	(67.0)
Amortization of other acquired intangible assets, net of tax	41.1	39.7
Net realized capital gains, net of tax	(2.7)	(17.3)
Operating earnings	\$ 835.6	\$ 719.0

<sup>(1)</sup> In addition to net realized capital gains and amortization of other acquired intangible assets, the following other items are excluded from operating earnings because we believe they neither relate to the ordinary course of our business nor reflect our underlying business performance:

- During the three months ended March 31, 2015, we incurred transaction and integration-related costs related to the acquisitions of Coventry, InterGlobal and bswift of \$30.7 million (\$45.6 million pretax), all of which was recorded in our Health Care segment. During the three months ended March 31, 2014, we incurred integration-related costs related to the acquisition of Coventry of \$41.9 million (\$63.7 million pretax), all of which was recorded in our Health Care segment. Transaction costs include advisory, legal and other professional fees which are not deductible for tax purposes and are reflected in our GAAP Consolidated Statements of Income in general and administrative expenses.
- We recorded a charge of \$78.0 million (\$120.0 million pretax) during the three months ended December 31, 2012 related to the settlement of purported class action litigation regarding Aetna's payment practices related to out-of-network health care providers. That charge included the estimated cost of legal fees of plaintiffs' counsel and the costs of administering the settlement. During the three months ended March 31, 2014, we exercised our right to terminate the settlement agreement. As a result, we released the reserve established in connection with the settlement agreement, net of amounts due to the settlement administrator, which reduced other general and administrative expenses by \$67.0 million (\$103.0 million pretax) in the three months ended March 31, 2014. Refer to Note 12 beginning on page 28 for additional information on the termination of the settlement agreement.

Operating earnings for the three months ended March 31, 2015 increased when compared to the corresponding period in 2014, primarily as a result of higher underwriting margins in both our Government and Commercial businesses, partially offset by an increase in general and administrative expenses. Refer to our discussion below for additional information on our general and administrative expenses.

We calculate our medical benefit ratio (“MBR”) by dividing health care costs by health care premiums. For the three months ended March 31, 2015 and 2014, our MBRs by product were as follows:

	2015	2014
Commercial	77.4%	77.2%
Government	81.3%	84.7%
Total	79.1%	80.4%

Refer to our discussion of Commercial and Government results below for an explanation of the changes in our premiums and MBRs.

**Commercial operating results for the three months ended March 31, 2015 reflect improved underwriting margins and an increase in membership from the corresponding period in 2014.**

Commercial premiums increased approximately \$395 million for the three months ended March 31, 2015 compared to the corresponding period in 2014, primarily a result of higher membership in our Commercial Insured business as well as higher premium yields.

Our Commercial MBR was 77.4% for the three months ended March 31, 2015 compared to 77.2% for the corresponding period in 2014. Our Commercial MBR was relatively flat, primarily as a result of improved underwriting margins, which were more than offset by the impact of programs mandated by health care reform. In the three months ended March 31, 2015, Aetna recorded an additional \$198 million of health care reform net risk adjustment payables compared with no amount recorded in the corresponding period in 2014. Aetna did not record any health care reform risk corridor receivables at March 31, 2015 or 2014. Refer to “Critical Accounting Estimates – Health Care Costs Payable” in our 2014 Annual Report for a discussion of Health Care Costs Payable at December 31, 2014.

**Government operating results for the three months ended March 31, 2015 reflect improved underwriting margins and an increase in membership from the corresponding period in 2014.**

Government premiums increased approximately \$633 million for the three months ended March 31, 2015 compared to the corresponding period in 2014, primarily a result of membership growth in both our Medicare and Medicaid Insured products.

Our Government MBR was 81.3% for the three months ended March 31, 2015 compared to 84.7% for the corresponding period in 2014. The improvement in our Government MBR for the period is primarily a result of higher premium yields and actions impacting revenue and medical costs designed to solve for the gap between Medicare premiums and medical costs and other expenses.

**Fees and Other Revenue**

Health Care fees and other revenue increased approximately \$126 million for the three months ended March 31, 2015 compared to the corresponding period in 2014, primarily as a result of higher average fee yields and growth in our Commercial ASC membership.

**General and Administrative Expenses**

General and administrative expenses increased approximately \$352 million for the three months ended March 31, 2015 compared to the corresponding period of 2014, primarily as a result of increased investment spend to support our growth initiatives and the inclusion of general and administrative expenses from our 2014 acquisitions, partially offset by continued execution of our expense initiatives. General and administrative expenses in 2014 also reflected the favorable impact of releasing a litigation-related reserve. Refer to Note 12 beginning on page 28 for additional information on the release of the litigation-related reserve.

## Income Taxes

Our effective tax rate for the three months ended March 31, 2015 was 43.9 percent compared to 42.1 percent for the three months ended March 31, 2014. The increase in our effective tax rate reflects the impact of the ACA, primarily from the 2015 increase in the non-deductible health insurer fee.

## Membership

Health Care's membership at March 31, 2015 and 2014 was as follows:

(Thousands)	2015			2014		
	Insured	ASC	Total	Insured	ASC	Total
<b>Medical:</b>						
Commercial	6,363	13,496	19,859	6,046	13,180	19,226
Medicare Advantage	1,228	—	1,228	1,101	—	1,101
Medicare Supplement	488	—	488	417	—	417
Medicaid <sup>(1)</sup>	1,338	757	2,095	1,280	695	1,975
Total Medical Membership	9,417	14,253	23,670	8,844	13,875	22,719
<hr/>						
Consumer-Directed Health Plans <sup>(2)</sup>			3,981			3,528
<hr/>						
Dually-Eligible for Medicare and Medicaid <sup>(1)</sup>			23			—
<hr/>						
<b>Dental:</b>						
Total Dental Membership	6,182	9,373	15,555	5,842	8,723	14,565
<hr/>						
<b>Pharmacy:</b>						
Commercial			10,789			10,525
Medicare PDP (stand-alone)			1,435			1,632
Medicare Advantage PDP			850			725
Medicaid <sup>(1)</sup>			2,351			1,301
Total Pharmacy Benefit Management Services			15,425			14,183

<sup>(1)</sup> Medicaid membership includes members who are dually-eligible for both Medicare and Medicaid.

<sup>(2)</sup> Represents members in consumer-directed health plans who also are included in Commercial medical membership above.

Total medical membership at March 31, 2015 increased compared to March 31, 2014, reflecting growth in our Commercial, Medicare and Medicaid products.

Total dental membership at March 31, 2015 increased compared to March 31, 2014, primarily reflecting growth in our Medicaid ASC products as well as growth in our Insured dental products which were partially offset by a reduction in our Commercial ASC dental products.

Total pharmacy benefit management services membership increased at March 31, 2015 compared to March 31, 2014, primarily reflecting growth in both our Medicaid and Commercial products which was partially offset by a decline in our Medicare products.

## Health Care Costs Payable

The following table shows the components of the change in health care costs payable during the three months ended March 31, 2015 and 2014:

(Millions)	2015	2014
Health care costs payable, beginning of period	\$ 5,621.1	\$ 4,547.4
Less: reinsurance recoverables	5.8	8.5
Health care costs payable, beginning of period, net	5,615.3	4,538.9
Add: Components of incurred health care costs:		
Current year	10,893.6	10,112.1
Prior years	(653.1)	(535.8)
Total incurred health care costs	10,240.5	9,576.3
Less: Claims paid		
Current year	5,929.8	5,754.9
Prior years	3,841.5	3,360.3
Total claims paid	9,771.3	9,115.2
Health care costs payable, end of period, net	6,084.5	5,000.0
Add: reinsurance recoverables	2.7	7.2
Health care costs payable, end of period	\$ 6,087.2	\$ 5,007.2

Our estimates of prior years' health care costs payable decreased by approximately \$653 million and \$536 million in the three months ended March 31, 2015 and 2014, respectively, resulting from claims being settled for amounts less than originally estimated, primarily due to lower health care cost trends than we assumed in establishing our health care costs payable in the prior years. This development does not directly correspond to an increase in our current year operating results as these reductions were offset by estimated current period health care costs when we established our estimate of current year health care costs payable.

## GROUP INSURANCE

Group Insurance primarily includes group life insurance and group disability products. Group life insurance products are offered on an Insured basis and include basic and supplemental group term life, group universal life, supplemental or voluntary programs and accidental death and dismemberment coverage. Group disability products primarily consist of short-term and long-term disability products (and products which combine both), which are offered to employers on both an Insured and an ASC basis, and absence management services offered to employers, which include short-term and long-term disability administration and leave management. Group Insurance also includes long-term care products that were offered primarily on an Insured basis, which provide benefits covering the cost of care in private home settings, adult day care, assisted living or nursing facilities. We no longer solicit or accept new long-term care customers.

## Operating Summary for the Three Months Ended March 31, 2015 and 2014:

(Millions)	2015	2014
Premiums:		
Life	\$ 301.8	\$ 304.1
Disability	214.7	202.6
Long-term care	11.1	11.0
Total premiums	527.6	517.7
Fees and other revenue	26.9	26.7
Net investment income	62.5	67.6
Net realized capital gains	2.9	2.9
Total revenue	619.9	614.9
Current and future benefits	448.1	451.8
Operating expenses:		
Selling expenses	28.6	28.5
General and administrative expenses	84.4	79.6
Total operating expenses	113.0	108.1
Amortization of other acquired intangible assets	—	1.1
Total benefits and expenses	561.1	561.0
Income before income taxes	58.8	53.9
Income taxes	13.0	11.5
Net income attributable to Aetna	\$ 45.8	\$ 42.4

The table presented below reconciles net income attributable to Aetna to operating earnings for the three months ended March 31, 2015 and 2014:

(Millions)	2015	2014
Net income attributable to Aetna	\$ 45.8	\$ 42.4
Amortization of other acquired intangible assets, net of tax	—	.7
Net realized capital gains, net of tax	(1.9)	(1.9)
Operating earnings	\$ 43.9	\$ 41.2

Operating earnings for the three months ended March 31, 2015 increased when compared to the corresponding period in 2014, primarily due to higher underwriting margins (calculated as premiums less current and future benefits), reflecting improved experience in our disability and life products, partially offset by lower net investment income.

The group benefit ratio, which represents current and future benefits divided by premiums, was 84.9% for the three months ended March 31, 2015 and 87.3% for the three months ended March 31, 2014. The improvement in our group benefit ratio in 2015 is primarily due to higher underwriting margins, reflecting improved experience in our disability and life products.

### LARGE CASE PENSIONS

Large Case Pensions manages a variety of retirement products (including pension and annuity products) primarily for tax-qualified pension plans. These products provide a variety of funding and benefit payment distribution options and other services. The Large Case Pensions segment includes certain discontinued products.

## Operating Summary for the Three Months Ended March 31, 2015 and 2014:

(Millions)		2015		2014
Premiums	\$	10.4	\$	43.9
Net investment income		72.9		89.7
Other revenue		2.4		2.4
Net realized capital gains (losses)		.6		(1.1)
Total revenue		86.3		134.9
Current and future benefits		80.0		126.9
General and administrative expenses		3.1		3.0
Total benefits and expenses		83.1		129.9
Income before income tax benefits		3.2		5.0
Income tax benefits		(.3)		(1.0)
Net income including non-controlling interests		3.5		6.0
Less: Net income attributable to non-controlling interests		1.0		1.9
Net income attributable to Aetna	\$	2.5	\$	4.1

The table presented below reconciles net income attributable to Aetna to operating earnings for the three months ended March 31, 2015 and 2014:

(Millions)		2015		2014
Net income attributable to Aetna	\$	2.5	\$	4.1
Net realized capital (gains) losses, net of tax		(.4)		.7
Operating earnings	\$	2.1	\$	4.8

Operating earnings decreased for the three months ended March 31, 2015, when compared to the corresponding period in 2014, consistent with the run-off nature of this segment.

Premiums decreased for the three months ended March 31, 2015, when compared to the corresponding period in 2014, primarily as a result of the discontinuance of certain services under an existing customer contract during 2014, which also resulted in a corresponding reduction in current and future benefits during 2015.

### Discontinued Products

Prior to 1993, we sold single-premium annuities (“SPAs”) and guaranteed investment contracts (“GICs”), primarily to employer sponsored pension plans. In 1993, we discontinued selling these products to Large Case Pensions customers, and now we refer to these products as discontinued products.

We discontinued selling these products because they were generating losses for us, and we projected that they would continue to generate losses over their life (which is currently greater than 30 years for SPAs); so we established a reserve for anticipated future losses at the time of discontinuance. At both March 31, 2015 and December 31, 2014, our remaining GIC liability was not material. We provide additional information on the reserve for anticipated future losses, including key assumptions and other important information, in Note 15 of Condensed Notes to Consolidated Financial Statements beginning on page 33.

The operating summary for Large Case Pensions above includes revenues and expenses related to our discontinued products, with the exception of net realized capital gains and losses which are recorded as part of current and future benefits. Since we established a reserve for anticipated future losses on discontinued products, as long as our expected future losses remain consistent with prior projections, the results of our discontinued products are applied against the reserve and do not impact net income attributable to Aetna. If actual or expected future losses are greater than we currently estimate, we may increase the reserve, which could adversely impact net income attributable to Aetna. If actual or expected future losses are less than we currently estimate, we may decrease the reserve, which could favorably impact net income attributable to Aetna. In those cases, we disclose such adjustment

separately in the operating summary. Management reviews the adequacy of the discontinued products reserve quarterly. The current reserve reflects management's best estimate of anticipated future losses, and is included in future policy benefits on our balance sheet.

Refer to Note 15 of Condensed Notes to Consolidated Financial Statements beginning on page 33 for additional information on the activity in the reserve for anticipated future losses on discontinued products for the three months ended March 31, 2015 and 2014.

## INVESTMENTS

Our investment portfolio supported the following products at March 31, 2015 and December 31, 2014:

(Millions)	March 31, 2015	December 31, 2014
Experience-rated products <sup>(1)</sup>	\$ 1,478.4	\$ 1,492.4
Discontinued products <sup>(1)</sup>	3,440.5	3,425.2
Remaining products	20,042.8	19,871.5
<b>Total investments</b>	<b>\$ 24,961.7</b>	<b>\$ 24,789.1</b>

<sup>(1)</sup> Investment risks associated with our experience-rated and discontinued products generally do not impact our operating results.

The risks associated with investments supporting experience-rated pension and annuity products in our Large Case Pensions business are assumed by the contract holders and not by us (subject to, among other things, certain minimum guarantees). Assets supporting experience-rated products may be subject to contract holder or participant withdrawals. Experience-rated contract holder and participant-directed withdrawals for the three months ended March 31, 2015 and 2014 were as follows:

(Millions)	2015	2014
Scheduled contract maturities and benefit payments <sup>(1)</sup>	\$ 20.2	\$ 58.3
Contract holder withdrawals other than scheduled contract maturities and benefit payments	8.8	1.2
Participant-directed withdrawals	1.0	1.1

<sup>(1)</sup> Includes payments made upon contract maturity and other amounts distributed in accordance with contract schedules.

### Debt and Equity Securities

The debt securities in our investment portfolio had an average credit quality rating of A at both March 31, 2015 and December 31, 2014, with approximately \$4.8 billion and \$4.6 billion rated AAA at March 31, 2015 and December 31, 2014, respectively. The debt securities that were rated below investment grade (that is, having a credit quality rating below BBB-/Baa3) were \$1.5 billion and \$1.4 billion at March 31, 2015 and December 31, 2014, respectively (of which 14% at both March 31, 2015 and December 31, 2014 supported our experience-rated and discontinued products).

At March 31, 2015 and December 31, 2014, we held approximately \$807 million and \$811 million, respectively, of municipal debt securities that were guaranteed by third parties, representing approximately 3% of our total investments at each date. These securities had an average credit quality rating of AA- at both March 31, 2015 and December 31, 2014 with the guarantee. These securities had an average credit quality rating of A and A- at March 31, 2015 and December 31, 2014, respectively, without the guarantee. We do not have any significant concentration of investments with third party guarantors (either direct or indirect).

At both March 31, 2015 and December 31, 2014, less than 1% of our investment portfolio was comprised of investments that were either European sovereign, agency, or local government debt of countries which, in our judgment based on an analysis of market-yields, are experiencing economic, fiscal or political strains such that the likelihood of default may be higher than if those factors did not exist.

We generally classify our debt and equity securities as available for sale, and carry them at fair value on our balance sheet. Approximately 1% of our debt and equity securities at both March 31, 2015 and December 31, 2014 were valued using inputs that reflect our own assumptions (categorized as Level 3 inputs in accordance with GAAP). Refer to Note 7 of Condensed Notes to Consolidated Financial Statements beginning on page 18 for additional information on the methodologies and key assumptions we use to determine the fair value of investments.

Refer to Note 5 of Condensed Notes to Consolidated Financial Statements beginning on page 11 for details related to:

- Our investment portfolio balances at March 31, 2015 and December 31, 2014;
- Gross unrealized capital gains and losses by major security type;
- Debt securities with unrealized capital losses (including the amounts related to experience-rated and discontinued products);
- Our net realized capital gains and losses; and
- Our mortgage loan portfolio.

We regularly review our debt securities to determine if a decline in fair value below the carrying value is other-than-temporary. If we determine a decline in fair value is other-than-temporary, we will write down the carrying value of the security. The amount of the credit-related impairment is included in our operating results, and the non-credit component is included in other comprehensive income unless we intend to sell the security or it is more likely than not that we will be required to sell the debt security prior to its anticipated recovery of its amortized cost basis. Accounting for other-than-temporary impairment (“OTTI”) of our debt securities is considered a critical accounting estimate. Refer to “Critical Accounting Estimates - Other-Than-Temporary Impairment of Debt Securities” in our 2014 Annual Report for additional information.

#### **Risk Management and Market-Sensitive Instruments**

We manage interest rate risk by seeking to maintain a tight match between the durations of our assets and liabilities when appropriate. We manage credit risk by seeking to maintain high average credit quality ratings and diversified sector exposure within our debt securities portfolio. In connection with our investment and risk management objectives, we also use derivative financial instruments whose market value is at least partially determined by, among other things, levels of or changes in interest rates (short-term or long-term), duration, prepayment rates, equity markets or credit ratings/spreads. Our use of these derivatives is generally limited to hedging risk and has principally consisted of using interest rate swaps, forward contracts, futures contracts, warrants, put options and credit default swaps. These instruments, viewed separately, subject us to varying degrees of interest rate, equity price and credit risk. However, when used for hedging, we expect these instruments to reduce overall risk.

We regularly evaluate our risk from market-sensitive instruments by examining, among other things, levels of or changes in interest rates (short-term or long-term), duration, prepayment rates, equity markets or credit ratings/spreads. We also regularly evaluate the appropriateness of investments relative to our management-approved investment guidelines (and operate within those guidelines) and the business objectives of our portfolios.

On a quarterly basis, we review the impact of hypothetical net losses in our investment portfolio on our consolidated near-term financial position, operating results and cash flows assuming the occurrence of certain reasonably possible changes in near-term market rates and prices. Interest rate changes (whether resulting from changes in Treasury yields or credit spreads or other factors) represent the most material risk exposure category for us. Based upon this analysis, there have been no material changes in our exposure to these risks since December 31, 2014. Refer to the MD&A in our 2014 Annual Report for a more complete discussion of risk management and market-sensitive instruments.

## LIQUIDITY AND CAPITAL RESOURCES

### Cash Flows

We meet our operating cash requirements by maintaining liquidity in our investment portfolio, using overall cash flows from premiums, fees and other revenue, deposits and income received on investments, issuing commercial paper and entering into repurchase agreements from time to time. We monitor the duration of our investment portfolio of highly marketable debt securities and mortgage loans, and execute purchases and sales of these investments with the objective of having adequate funds available to satisfy our maturing liabilities. Overall cash flows are used primarily for claim and benefit payments, operating expenses, share and debt repurchases, repayment of debt, acquisitions, contract withdrawals and shareholder dividends. We have committed short-term borrowing capacity of \$2.0 billion through a revolving credit facility agreement that expires in March 2020.

Presented below is a condensed statement of cash flows for the three months ended March 31, 2015 and 2014. We present net cash flows used for operating activities and net cash flows provided by investing activities separately for our Large Case Pensions segment because changes in the insurance reserves for the Large Case Pensions segment (which are reported as cash used for operating activities) are funded from the sale of investments (which are reported as cash provided by investing activities). Refer to the Consolidated Statements of Cash Flows on page 5 for additional information.

(Millions)	2015	2014
<b>Cash flows from operating activities</b>		
Health Care and Group Insurance	\$ 1,556.2	\$ 1,508.7
Large Case Pensions	(82.8)	(86.5)
Net cash provided by operating activities	1,473.4	1,422.2
<b>Cash flows from investing activities</b>		
Health Care and Group Insurance	(92.3)	(407.7)
Large Case Pensions	114.1	153.9
Net cash provided by (used for) investing activities	21.8	(253.8)
Net cash used for financing activities	(999.8)	(506.6)
Net increase in cash and cash equivalents	\$ 495.4	\$ 661.8

### Cash Flow Analysis

Cash flows provided by operating activities for Health Care and Group Insurance were approximately \$1.6 billion and \$1.5 billion for the three months ended March 31, 2015 and 2014, respectively.

Cash flows provided by investing activities were approximately \$22 million for the three months ended March 31, 2015 and cash flows used for investing activities were approximately \$254 million for the three months ended March 31, 2014. The increase in cash provided by investing activities for the three months ended March 31, 2015 compared with the corresponding period in 2014 is primarily attributable to net proceeds from sales of investments in 2015 compared to net purchases of investments in 2014.

During the three months ended March 31, 2015 and 2014, our cash flows used for financing activities reflect the repayment of debt, share repurchases and dividend payments. During the three months ended March 31, 2014 our cash flows used for financing activities also reflect the issuance of long-term debt. Refer to Notes 9 and 10 of Condensed Notes to Consolidated Financial Statements on pages 26 and 27 for more information about debt issuances and repayments, share repurchases and dividend payments.

### *Long-Term Debt and Revolving Credit Facility*

In support of our capital management goals, during 2015 we repaid maturing long-term debt and extended the maturity date of our revolving credit facility. Refer to Note 9 of Condensed Notes to Consolidated Financial Statements beginning on page 26 for additional information on these transactions.

### *Other Liquidity Information*

From time to time, we use short-term commercial paper borrowings and repurchase agreements to address timing differences between cash receipts and disbursements. At March 31, 2015, we had approximately \$297 million of commercial paper outstanding with a weighted-average interest rate of .42%. At December 31, 2014, we had approximately \$500 million of commercial paper outstanding with a weighted-average interest rate of .30%. The maximum amount of commercial paper borrowings outstanding during the three months ended March 31, 2015 was approximately \$1.3 billion.

Our debt to capital ratio (calculated as the sum of all short- and long-term debt outstanding (“total debt”) divided by the sum of total Aetna shareholders’ equity plus total debt) was approximately 35% at March 31, 2015. Our existing ratings and outlooks from the nationally recognized statistical ratings organizations that rate us include the consideration of our intention to maintain our debt to capital ratio at approximately 35%. We continually monitor existing and alternative financing sources to support our capital and liquidity needs, including, but not limited to, debt issuance, preferred or common stock issuance, reinsurance and pledging or selling of assets.

Interest expense was approximately \$79 million and \$86 million for the three months ended March 31, 2015 and 2014, respectively.

We are a member of the Federal Home Loan Bank of Boston (“FHLBB”), and as a member we have the ability to obtain cash advances, subject to certain minimum collateral requirements. Our maximum borrowing capacity available from the FHLBB at March 31, 2015 was approximately \$850 million. At both March 31, 2015 and December 31, 2014, we did not have any outstanding borrowings from the FHLBB.

Refer to Note 10 of Condensed Notes to Consolidated Financial Statements on page 27 for information on our stock-based compensation awards granted during 2015.

## **CRITICAL ACCOUNTING ESTIMATES**

Refer to “Critical Accounting Estimates” in our 2014 Annual Report for information on accounting policies that we consider critical in preparing our consolidated financial statements. These policies include significant estimates we make using information available at the time the estimates are made. However, these estimates could change materially if different information or assumptions were used, and these estimates may not ultimately reflect the actual amounts that occur.

## **REGULATORY ENVIRONMENT**

There were no material changes in the regulation of our business since December 31, 2014. Refer to the “Regulatory Environment” section in our 2014 Annual Report for information on the regulation of our business.

## **FORWARD-LOOKING INFORMATION/RISK FACTORS**

Certain information in this MD&A is forward-looking within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to uncertainties that are outside our control and could cause actual future results to differ materially from those statements. You should not place undue reliance on forward-looking statements, and we disclaim any intention or obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Please see the “Forward-Looking Information/Risk Factors” section of our 2014 Annual Report for a discussion of important risk factors that could adversely affect our business as well as the market price for our common stock.

**Item 3. Quantitative and Qualitative Disclosures About Market Risk**

We have not experienced any material changes in exposures to market risk since December 31, 2014. Refer to the information contained in the “Risk Management and Market-Sensitive Instruments” section of the MD&A beginning on page 46 for a discussion of our exposures to market risk.

**Item 4. Controls and Procedures**

**Disclosure Controls and Procedures**

We maintain disclosure controls and procedures, which are designed to ensure that information that we are required to disclose in the reports we file or submit under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

An evaluation of the effectiveness of our disclosure controls and procedures as of March 31, 2015 was conducted under the supervision and with the participation of our Chief Executive Officer and Chief Financial Officer. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that our disclosure controls and procedures as of March 31, 2015 were effective and designed to ensure that material information relating to Aetna Inc. and its consolidated subsidiaries would be made known to the Chief Executive Officer and Chief Financial Officer by others within those entities, particularly during the periods when periodic reports under the Exchange Act are being prepared. Refer to the Certifications by our Chief Executive Officer and Chief Financial Officer filed as Exhibits 31.1 and 31.2 to this report.

**Changes in Internal Control over Financial Reporting**

There has been no change in our internal control over financial reporting identified in connection with the evaluation of such control that occurred during our most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

**Part II. Other Information**

**Item 1. Legal Proceedings**

The information contained in Note 12 of Condensed Notes to Consolidated Financial Statements, beginning on page 28 is incorporated herein by reference.

**Item 1A. Risk Factors**

The information contained under the heading “Forward-Looking Information/Risk Factors” in the MD&A, beginning on page 48 is incorporated herein by reference.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

The following table provides information about our monthly share repurchases, all of which were purchased as part of a publicly-announced program, for the three months ended March 31, 2015:

<b>Issuer Purchases of Equity Securities <sup>(1)</sup></b>						
<b>(Millions, except per share amounts)</b>	<b>Total Number of Shares Purchased</b>	<b>Average Price Paid Per Share</b>	<b>Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs</b>	<b>Approximate Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs</b>		
January 1, 2015 - January 31, 2015	1.3	\$ 91.61	1.3	\$		1,229.0
February 1, 2015 - February 28, 2015	.5	94.03	.5			1,209.4
March 1, 2015 - March 31, 2015	.3	103.99	.3			1,182.7
<b>Total</b>	<b>2.1</b>	<b>\$ 93.69</b>	<b>2.1</b>			<b>N/A</b>

<sup>(1)</sup> The remaining share repurchase authorization as of January 31, 2015 has been reduced for the entire \$150.0 million paid in connection with an accelerated share repurchase program. The number of shares purchased under the accelerated share repurchase program is presented in January 2015 and February 2015, based upon when the shares were ultimately delivered to the Company.

The information contained in Note 10 of Condensed Notes to Consolidated Financial Statements, beginning on page 27 is incorporated herein by reference.

**Item 4. Mine Safety Disclosures**

Not Applicable.

## Item 6. Exhibits

Exhibits to this Form 10-Q are as follows:

### **10 Material contracts**

- 10.1 Letter agreement dated December 17, 2012 between Aetna Life Insurance Company and Francis S. Soistman. \*
- 10.2 Form of Aetna Inc. 2010 Stock Incentive Plan – Performance Stock Unit Terms of Award. \*
- 10.3 Form of Aetna Inc. 2010 Stock Incentive Plan – Executive Restricted Stock Unit Terms of Award. \*
- 10.4 Form of Aetna Inc. 2010 Stock Incentive Plan – Stock Appreciation Right Terms of Award. \*

### **11 Statements re: computation of per share earnings**

- 11.1 Computation of per share earnings is incorporated herein by reference to Note 3 of Condensed Notes to Consolidated Financial Statements, beginning on page 9 in this Form 10-Q.

### **12 Statements re: computation of ratios**

- 12.1 Computation of ratio of earnings to fixed charges.

### **15 Letter re: unaudited interim financial information**

- 15.1 Letter from KPMG LLP acknowledging awareness of the use of a report dated April 28, 2015 related to their review of interim financial information.

### **31 Rule 13a-14(a)/15d-14(a) Certifications**

- 31.1 Certification.
- 31.2 Certification.

### **32 Section 1350 Certifications**

- 32.1 Certification.
- 32.2 Certification.

### **101 XBRL Documents**

- 101.INS XBRL Instance Document.
- 101.SCH XBRL Taxonomy Extension Schema.
- 101.CAL XBRL Taxonomy Extension Calculation Linkbase.
- 101.DEF XBRL Taxonomy Extension Definition Linkbase.
- 101.LAB XBRL Taxonomy Extension Label Linkbase.

101.PRE XBRL Taxonomy Extension Presentation Linkbase.

\* Management contract or compensatory plan or arrangement.

## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Aetna Inc.

\_\_\_\_\_  
Registrant

Date: April 28, 2015

By/s/ Rajan Parmeswar

\_\_\_\_\_  
Rajan Parmeswar

Vice President, Controller and

Chief Accounting Officer

## INDEX TO EXHIBITS

<b><u>Exhibit Number</u></b>	<b><u>Description</u></b>	<b><u>Filing Method</u></b>
<b>10</b>	<b>Material contracts</b>	
10.1	Letter agreement dated December 17, 2012 between Aetna Life Insurance Company and Francis S. Soistman. *	Electronic
10.2	Form of Aetna Inc. 2010 Stock Incentive Plan – Performance Stock Unit Terms of Award. *	Electronic
10.3	Form of Aetna Inc. 2010 Stock Incentive Plan – Executive Restricted Stock Unit Terms of Award. *	Electronic
10.4	Form of Aetna Inc. 2010 Stock Incentive Plan – Stock Appreciation Right Terms of Award. *	Electronic
<b>12</b>	<b>Statements re: computation of ratios</b>	
12.1	Computation of ratio of earnings to fixed charges.	Electronic
<b>15</b>	<b>Letter re: unaudited interim financial information</b>	
15.1	Letter from KPMG LLP acknowledging awareness of the use of a report dated April 28, 2015 related to their review of interim financial information.	Electronic
<b>31</b>	<b>Rule 13a-14(a)/15d-14(a) Certifications</b>	
31.1	Certification.	Electronic
31.2	Certification.	Electronic
<b>32</b>	<b>Section 1350 Certifications</b>	
32.1	Certification.	Electronic
32.2	Certification.	Electronic
<b>101</b>	<b>XBRL Documents</b>	
101.INS	XBRL Instance Document.	Electronic
101.SCH	XBRL Taxonomy Extension Schema.	Electronic
101.CAL	XBRL Taxonomy Extension Calculation Linkbase.	Electronic
101.DEF	XBRL Taxonomy Extension Definition Linkbase.	Electronic
101.LAB	XBRL Taxonomy Extension Label Linkbase.	Electronic

\* Management contract or compensatory plan or arrangement.



Alison Rogers-McCoy  
Executive Recruiting &  
Talent Acquisition Lead  
Aetna  
151 Farmington Avenue  
Hartford, CT 06156  
(860) 273-0259

December 17, 2012

Francis Samuel Soistman Jr.  
14925 Finegan Farm Drive  
Darnestown, Maryland 20874

Dear Fran:

On behalf of Aetna and the Government Services organization, I am pleased to offer you the position of Head of Medicare.

We look forward to having you start work on January 14, 2013. Your base salary will be \$500,000 per year, payable in accordance with the company's regular payroll practices (currently bi-weekly). Your salary will be reviewed periodically for a possible salary increase and the company may also from time to time review and adjust salaries to reflect appropriate compensation for each position. This offer is made with the understanding that your principal work location is to be discussed and mutually agreed upon. In addition, the amount of time you spend in multiple states due to business travel may impact your state tax liability.

You will be eligible for consideration for an award under the company's annual incentive program beginning with the 2013 performance year (payable in 2014) as long as the plan is in effect. Each year thereafter, while you are employed by the company, you will be eligible for consideration for additional awards under the annual incentive program while the plan remains in effect. Your full-year annual target bonus opportunity will be 80% of your base salary.

For the 2013 annual equity grant award, we will recommend to the Board of Directors' Committee on Compensation and Organization that you receive an equity award grant with a dollar value of \$800,000. The current 2012 annual guideline for your role is \$750,000.

As a member of the Executive Tier of the Aetna Equity based Compensation program, you are expected to achieve a certain level of ownership in Company stock to better align the interests of senior executives with Company shareholders. Specifically, we expect you to own shares of stock in the Company with a dollar value greater than or equal to 200% of your base salary. If, at the time of vesting an executive has not achieved his or her stock ownership requirement, up to a 35% sales restriction will be applied to after-tax shares. In addition to retaining shares from vesting in equity grants, there are a variety of Company programs currently available to you to build your stock ownership position. Additional program details will be made available to you with your awards.

For the purpose of Paid Time Off (PTO) accrual only, you will earn twenty-eight (28) PTO days annually, as if you had ten (10) years of service. In your first partial calendar year of employment, your PTO accrual will be pro-rated, based on your hire date. PTO includes time out of the office for vacation, personal time, family illness, and incidental sick days.

You will be eligible to participate in our contributory health and welfare benefit plan. Coverage for medical, dental, life, disability, flexible spending accounts and accident benefits will become effective on the first of the month following the date you begin work (or re-commence work if you are being re-hired). If you begin work on the first of the month, your benefits will become effective immediately. Information on Aetna's total benefits package (various benefit programs and services and associated costs), can be accessed at [www.Aetna.com/working](http://www.Aetna.com/working) (Benefits). Once you begin work, you can enroll for coverage through our intranet site.

If you have a disability and will need an accommodation to perform the essential functions of your job, please call Aetna's HR Contact Center at 1-800-238-6247. They will collect contact information from you and refer your request to Aetna's Workplace Accommodations Unit. The Workplace Accommodations Unit will then contact and work with you to identify and implement a reasonable accommodation.

This offer is based on the information you provided in the Aetna Employment Application and is also contingent upon successful completion of a background check. As you were also previously advised, a drug test is part of the standard pre-employment process. This job offer is contingent upon your passing a urinalysis drug test before your start date. Your test must be scheduled and taken no later than two business days from the date you verbally accepted Aetna's offer of employment. The enclosed handout, the Aetna Candidate Information sheet, provides instructions you must follow to schedule and take your drug test within the timeframe noted above.

Federal law requires that we verify the employment authorization of all new employees. On your first day, you must bring appropriate documentation to verify both your identity and employment eligibility. Please carefully review the enclosed materials that provide information about certain documents (List of Acceptable Documents) that you must bring to work on your first day in order to complete the I-9 form. In addition, the employee name which you have provided to us must match exactly to the name associated with your social security number and listed with the Social Security Administration (including middle name/initial) as well as the identity document which you provide when completing your I-9. If it does not, we may not be able to hire you or your employment could be terminated at a later date. Therefore, please follow up with the SSA to resolve any discrepancies prior to your scheduled first day of work.

In addition, Aetna participates in the federal E-Verify Program in all states, with the exception of Illinois. Under the E-Verify Program, documents used to determine employment authorization are subject to verification by the Social Security Administration and Department of Homeland Security through their databases. Should we receive a non confirmation from the Department of Homeland Security and/or cannot determine the validity of the documents presented, we may terminate your employment.

*Soistman, F.*  
*12/17/2012*  
*Page 3*

This offer is made based on your representation that your accepting this position and performing your job responsibilities will not violate any restrictive covenants in favor of any present and/or former employers. We expect that you will comply with all of your restrictive covenants and other obligations, including any obligation not to disclose confidential or proprietary information, and that you will not breach any such covenants or obligations during the course of your employment with the company.

Aetna expects you to treat confidential and proprietary information-both that belonging to Aetna and that belonging to other companies-appropriately. This includes not disclosing or using any confidential or proprietary information or trade secrets from prior employers. If you are not sure if this applies to you, you should seek legal advice. To protect the company's proprietary information, as a condition of your employment, you will be required to sign and return the attached Non-Competition, Non-Solicitation, Confidentiality and Assignment Agreement.

This offer and your acceptance of that offer also are contingent upon your agreement to use the Company's mandatory/binding arbitration program rather than the courts to resolve employment-related legal disputes. In arbitration, an arbitrator instead of a judge or jury resolves the dispute, and the decision of the arbitrator is final and binding. The enclosed materials should answer any questions you have about Aetna's Employment Dispute Arbitration Program. With respect to claims subject to the arbitration requirement, arbitration replaces your right and the company's right to sue or participate in a lawsuit. You are advised to, and may take the opportunity to, obtain legal advice before final acceptance of the terms of this offer. You will be required to complete an electronic version of the enclosed Employment Dispute Arbitration Acknowledgement Form on your start date.

You should understand that this letter is not an employment contract. Aetna is an "at will" employer and makes no representation to you of continued employment. While the company hopes that its employment relationship with its employees will be mutually enjoyable and lasting, Employees may terminate their employment at any time, with or without cause, or notice and the company may do the same. Please note, this letter contains all of the terms of the company's offer to you. You may not rely on any verbal or other promise, inducement which is not in this letter.

Your New Employee Orientation will be delivered via Aetna's intranet on your start date. Our orientation web-site will provide you with information which allows you to sign-up for benefits, handle payroll administration functions, obtain your employee I.D. badge and parking hang tag (where applicable), etc. Look for the "Welcome to Aetna" e-mail that will start you on your orientation experience.

*Soistman, F.*  
*12/17/2012*  
*Page 4*

Once again, I am delighted to extend this offer to you and look forward to your acceptance. Please acknowledge your acceptance of this offer by signing the enclosed copy of this letter, the enclosed copy of the non -competition, non-solicitation/confidentiality/assignment agreement, and returning within seven (7) days after receipt. If you have any questions, please do not hesitate to call me.

Sincerely,

Aetna Life Insurance Company

By: /s/ Alison Rogers-McCoy  
Alison Rogers-McCoy

Accepted: /s/ Francis S. Soistman Date: 12/20/12

c: Kristi Matus

Enclosures

## NON-COMPETITION, NON-SOLICITATION, CONFIDENTIALITY AND ASSIGNMENT AGREEMENT

WHEREAS, I, FRANCIS S. SOISTMAN, JR., an employee of Aetna Inc. or one of its subsidiaries or affiliates (collectively, the "Company"), will be entrusted with knowledge of the Company's information and materials described below, and will be trained and instructed in the Company's particular operational methods; and

WHEREAS, I am desirous of being in the Company's employment as an at-will employee;

NOW, THEREFORE, in consideration of my employment with the Company, the Company providing to me Confidential Information as described below and other good and sufficient consideration, I hereby covenant and agree as follows:

1. I covenant and agree that so long as I am employed with the Company and for a period of twelve (12) months after my employment with the Company has been terminated for any reason, whether with or without cause and whether voluntarily or involuntarily, I will not directly or indirectly, (a) engage in the ownership (except less than 1% of the outstanding capital stock of any publicly traded company) of, (b) become an employee of, or (c) act as a consultant or contractor to, any competitor of the Company engaged in health care business ("Competitor"). For purposes of Paragraph 1 of this Agreement, "Competitor" shall mean the four companies (and their respective subsidiaries and affiliates) on a list provided by the Company to me (the "Specified Entities"). The initial list of Specified Entities shall be provided simultaneously with execution of this Agreement. The Specified Entities may be changed by the Company from time to time (but shall never be more than four) by delivering a new list to me, provided that any change in the list delivered to me within 90 days prior to or at any time after termination of my employment with the Company shall be null and void. Notwithstanding the foregoing, if my employment is involuntarily terminated by the Company, other than for cause, the length of this non-competition covenant shall not exceed the length of the period in which severance and/or salary continuation benefits are paid to me by the Company. The Company does not intend to enforce the restrictions in this paragraph to the extent (a) such enforcement would violate applicable law or (b) the restrictions are invalid or void under applicable law.
2. I covenant and agree that for a period of twenty-four (24) months after my employment with the Company has been terminated for any reason, whether with or without cause and whether voluntarily or involuntarily, I will not directly or indirectly (a) solicit or aid in the solicitation of any employee of the Company, (b) solicit or aid in the solicitation on behalf of a Competitor of any customer of the Company with whom I have been personally involved, either directly or indirectly, or (c) induce any health care supplier or provider, broker or agent of the Company to cease or curtail providing services to the Company. As used in this Agreement, for solicitation purposes only a "Competitor" is any company or organization that develops, administers, operates, offers or solicits offers regarding medical, pharmacy, dental, behavioral health, group life, long-term care and disability, medical management, networks, insurance or plans to employers, employees or individuals. The Company does not intend to enforce the restrictions in this paragraph to the extent (a) such enforcement would violate applicable law or (b) the restrictions are invalid or void under applicable law.

12/17/2012

3. The Company agrees to provide me with access to the Company's trade secrets, confidential information, and proprietary materials which may include but are not limited to the following categories of information and materials: methods, procedures, computer programs, databases, customer lists and identities, provider lists and identities, employee lists and identities, processes, premium and other pricing information, research, payment rates, methodologies, contractual forms, and other information which is not publicly available generally and which has been developed or acquired by the Company with considerable effort and expense ("Confidential Information"). I covenant and agree to hold all of the foregoing trade secrets, Confidential Information and proprietary materials in the strictest confidence and shall not disclose, divulge or reveal the same to any person or entity during the term of my employment with the Company or at any time thereafter.
4. I understand that I am an at-will employee and that either I or the Company may terminate our employment relationship at any time, with or without cause or notice. Upon such termination, and prior to such termination upon request of the Company, I shall immediately return to the Company all Company property, documentation, trade secrets, Confidential Information and proprietary materials in my possession, custody or control, and shall return any copies thereof. After termination of my employment with the Company, I further agree to cooperate reasonably with all matters requested by the Company within the scope of my employment with the Company.
5. The purpose of this Agreement, among other things, is to protect the Company from unfair or inappropriate competition and to protect its trade secrets, Confidential Information and business relationships. I agree that if the scope of enforcement of this Agreement is ever disputed, a court or other competent trier of fact may modify and enforce it to the extent it believes is lawful and appropriate.
6. I acknowledge that all original works of authorship that are made by me (solely or jointly with others) within the scope of my employment and which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101). I further acknowledge that, while employed by the Company, I may develop ideas, inventions, innovations, procedures, methods, know-how or other works which relate to the Company's current or are reasonably expected to relate to the Company's future business that may be patentable. To the extent any such works may be patentable, I agree that the Company may file and prosecute any application for patents in my name and that I will, on request, assign to the Company (and take all such further steps as may be reasonably necessary to perfect the Company's sole and exclusive ownership of) any such application and any patents resulting therefrom.
7. I acknowledge that compliance with this Agreement is necessary to protect the business and good will of the Company and that any actual or prospective breach will cause injury or damage to the Company which may be irreparable and for which money damages may not be adequate. I therefore agree that if I breach or attempt to breach this Agreement, the Company shall be entitled to obtain temporary, preliminary and permanent equitable relief, without bond, to prevent irreparable harm or injury, and to money damages, together with any and all other remedies available under applicable law. I understand that I shall be liable to pay the Company's reasonable attorneys' fees and costs in any successful action to enforce this agreement.
8. Any controversy or claim arising out of or relating to this Agreement or the breach, termination, or validity thereof, except for temporary, preliminary, or permanent injunctive

relief or any other form of equitable relief, shall be settled by binding arbitration administered by the American Arbitration Association ("AAA") and conducted pursuant to the AAA's Employment Arbitration Rules and Mediation Procedures.

9. This Agreement shall be construed in accordance with the laws of the State of Connecticut. I hereby irrevocably consent to the personal jurisdiction of the courts of the State of Connecticut, it being acknowledged that the Company maintains its headquarters in said location.
10. This Agreement (together with the list of Specified Entities referenced in Paragraph 1) constitutes the entire understanding and agreement between the parties with respect to the subject matter hereof, and no verbal or other statements, inducements or representations have been made or relied upon by any party. No modification or change to this Agreement shall be binding upon any party unless in writing executed by all parties.
11. I acknowledge that the Company is relying upon my foregoing commitments and obligations in revealing trade secrets and confidential information to me, in making any future annual bonus or salary increase and/or any other payments to me, and in otherwise employing me.

IN WITNESS WHEREOF, the parties, intending to be legally bound, state that they understand this Agreement, enter into it freely, and have duly executed it below.

Executed by:  
FRANCIS S. SOISTMAN, JR.,

Accepted by:  
AETNA INC.

/s/ Francis S. Soistman, Jr.  
<name> (Signature)

By: /s/ Alison Rogers-McCoy  
Alison Rogers-McCoy

Francis S. Soistman, Jr.  
(Printed Name)

12/20/12  
(Date)

Head of Medicare  
(Title)

12/20/12  
(Date)



**AETNA INC.  
2010 STOCK INCENTIVE PLAN**

**PERFORMANCE STOCK UNIT TERMS OF AWARD**

**Performance Period: [ ] through [ ]**

Units Awarded: [ ]

Performance Metric: [ ]

Vesting Period - [ ] month period following the Effective Date (Date of Grant)

Pursuant to its 2010 Stock Incentive Plan (the "Plan"), Aetna Inc. (the "Company") hereby grants Performance Stock Units (PSUs) on the terms and conditions hereinafter set forth. The number of Performance Stock Units awarded is included in the website of the designated broker, currently UBS Financial Services, Inc., and in the Notice of the Performance Stock Unit Grant Acknowledgement and Acceptance Form. All capitalized terms used herein which are not otherwise defined herein shall have the meaning specified in the Plan.

**ARTICLE I**

**DEFINITIONS**

- (a) "Affiliate" means an entity at least a majority of the total voting power of the then-outstanding voting securities of which is held, directly or indirectly, by the Company and/or one or more other Affiliates.
- (b) "Board" means the Board of Directors of Aetna Inc.
- (c) "Change in Control" means the happening of any of the following:
  - (i) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act but excluding the Company and any Subsidiary thereof and any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities;
  - (ii) When, during any period of 24 consecutive months, the individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason other than death to constitute at least a majority thereof, provided that a director who was not a director at the beginning of such 24-month period shall be deemed to have satisfied such 24-month requirement (and be an Incumbent Director) if such director was elected by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually (because they were directors at the beginning of such 24-month period) or by prior operation of this paragraph (ii); or

- (iii) The occurrence of a transaction requiring stockholder approval for the acquisition of the Company by an entity other than the Company or a Subsidiary through purchase of assets, or by merger, or otherwise.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Grantee, if Grantee is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the effective date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

- (d) "Committee" means the Board's Committee on Compensation and Organization or any successor thereto.
- (e) "Common Stock" means the Company's Common Shares, \$.01 par value per share.
- (f) "Company" means Aetna Inc.
- (g) "Effective Date" means the date of grant of this award of Performance Stock Units.
- (h) "Fair Market Value" means the closing price of the Common Stock as reported by the Consolidated Tape of the New York Stock Exchange Listed Shares on the date such value is to be determined, or, if no shares were traded on such date, on the next day on which the Common Stock is traded.
- (i) "Fundamental Corporate Event" shall mean any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or similar event.
- (j) "Grantee" means the person to whom this award has been granted.
- (k) "Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the voting stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding voting stock.
- (l) "Long Term Disability" means long-term disability as defined under the terms of the Company's applicable long-term disability plans or policies.

- (m) "Net Shares" means the number of shares of Common Stock which will be deposited in a brokerage account in the Grantee's name at the Company's designated broker after shares have been withheld to satisfy applicable tax and withholding requirements upon vesting of the Performance Stock Units.
- (n) "Performance Period" means the [ ] month performance period ending [date]. The Performance Period shall run from [date] to [date].
- (o) "Performance Stock Units" means the number of shares of Common Stock represented by the number of units awarded or such other amount as may result by operation of Article III of this Agreement.
- (p) "Plan" means the Aetna Inc. 2010 Stock Incentive Plan.
- (q) "Retirement" means the termination of employment of a Grantee from active service with the Company, any Subsidiary or Affiliate provided the Grantee's age and completed years of service total 65 or more points at termination of employment.
- (r) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the regulation issued thereunder, as may be amended from time to time.
- (s) "Shares of Stock" or "Stock" means the Common Stock.
- (t) "Subsidiary" means an entity of which, at the time such subsidiary status is to be determined, at least 50% of the total combined voting power of all classes of stock of such entity is held by the Company and/or one or more other subsidiaries.
- (u) "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to the Performance Stock Units by bequest or inheritance or by reason of the death of the Grantee.
- (v) "Vest Date" means the last day of the Vesting Period and is the date on which this award of Performance Stock Units shall vest in accordance with the terms of this Agreement and in the Notice of Performance Stock Unit Grant, if at all.
- (w) "Vesting Period" means the period beginning on the Effective Date and ending thirty-six months thereafter.

## **ARTICLE II**

### **VESTING PERIOD**

Subject to the terms of this Agreement, the Performance Stock Units will vest, as of the Vest Date, in accordance with the terms of the Plan and this Terms of Award Agreement, or on such earlier date as provided in Article IV. If the Committee determines that the performance goal set forth on Exhibit A is met, on the Vest Date, the Grantee shall vest to one share of Common Stock for each vested Performance Stock Unit net of applicable taxes and withholding (or such greater or lessor amount based on performance, as set forth on Exhibit A). Such Net Shares will be delivered to the Company's designated broker, in a brokerage account established in the Grantee's name after the Vest Date. If the Committee determines that the performance goal set forth on Exhibit A is not met at the minimum level, no shares will vest.

Any social security calculation or other adjustments discovered after the payment of Net Shares will be settled in cash not in Common Stock.

## **ARTICLE III**

### **CAPITAL CHANGES**

In the event that the Committee shall determine that any Fundamental Corporate Event affects the Common Stock such that an adjustment is required to preserve, or to prevent enlargement of, the benefits or potential benefits made available under this Plan, then the Committee shall, in such manner as the Committee may deem equitable, adjust the number and kind of shares subject to the award of Performance Stock Units. Additionally, the Committee may make provision for cash payment to a Grantee or the Successor of the Grantee. However, the number of Performance Stock Units shall always be a whole number.

## **ARTICLE IV**

### **CHANGE IN CONTROL**

Notwithstanding any other provision of this Agreement to the contrary, upon the occurrence of a Change in Control, the Performance Stock Units not previously forfeited pursuant to this Terms of Award Agreement shall become immediately vested at a level which equals the greater of the number of Performance Stock Units that would have vested (x) at target-level 100% vesting, or (y) based on the Company's actual year-to-date performance level using the date on which the Change in Control occurs as the end of the Vesting Period. Net Shares will be payable on the Vest Date, provided however, if within the 24 month period following the Change in Control the Company terminates Grantee's employment without cause, the Net Shares will become payable as of such termination of employment date. If an award is considered deferred compensation subject to Section 409A, the award will vest but the Change in Control will not accelerate the payment of the deferred Performance Stock Units unless the Change in Control also meets the definition of change in control set forth in Treasury Regulation Section 1.409A-3(i)(5).

## ARTICLE V

### TERMINATION OF EMPLOYMENT

- (a) Except as provided in (c) below, if, during the Vesting Period, Grantee shall cease to be employed by the Company, any Subsidiaries or Affiliates, for reason of death, Long-term Disability, Retirement or involuntary termination of employment by the Company, the portion of the Performance Stock Units that may vest on the Vest Date, if any, shall be calculated in accordance with the following formula: (i) the number of completed months employed during the Vesting period divided by the number of months in the Vesting Period; multiplied by (ii) the number of Performance Stock Units, that otherwise would have vested. For purposes of this calculation, a month is complete on the day in the month that corresponds to the Effective Date of the grant (e.g., February 12 to March 12).
- (b) Except as provided in (a) above, any Performance Stock Unit not vested as of the date Grantee terminates employment shall be forfeited at the time of cessation of employment; provided, however, that if Grantee's employment is terminated by the Company other than for cause and Grantee has not previously, or does not subsequently, vest to any portion of the Performance Stock Unit in accordance with its terms, then upon the forfeiture of the entire Performance Stock Unit, the Company will pay Grantee an amount equal to the value of a single share of Common Stock, whether or not the forfeited Performance Stock Unit related to more than a single share of Common Stock, calculated as of the cessation of employment, if requested by Grantee, within 30 days of such cessation of employment.
- (c) No Performance Stock Unit will vest after the Company has terminated the employment of the Grantee for cause, unless the Committee, in its sole discretion, deems a payment to be warranted under the particular circumstances. In addition, the Performance Stock Units will not vest if Grantee has willfully engaged in gross misconduct or other serious impropriety which the Company determines is likely to be damaging or detrimental to the Company, any Subsidiary or Affiliate.
- (d) Employment for purposes of determining the vesting rights of the Grantee and the expiration of the grant under this Article V shall mean continuous active full-time salaried employment with the Company, any Subsidiary or Affiliate, except that the period during which the Grantee is on vacation, sick leave, or other pre-approved leave of absence (provided there is no actual termination of employment), shall not interrupt the continuous employment of the Grantee. Employment shall also include service with Aetna Foundation, Inc. Notwithstanding any period during which Grantee receives salary continuation or severance shall not be considered as part of the continuous employment of the Grantee.

## ARTICLE VI

### EMPLOYEE COVENANTS

- (a) As consideration for this grant of Performance Stock Units, without prior written consent of the Company:
- (i) Grantee will not (except to the extent required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency) use or disclose to any third person, whether during or subsequent to Grantee's employment, any trade secrets, confidential information and proprietary materials, which may include, but are not limited to, the following categories of information and materials: customer lists and identities; provider lists and identities; employee lists and identities; product development and related information; marketing plans and related information; sales plans and related information; premium or other pricing information; operating policies and manuals; research; payment rates; methodologies; procedures; contractual forms; business plans; financial records; computer programs; database; or other financial, commercial, business or technical information related to the Company, any Subsidiary or Affiliate unless such information has been previously disclosed to the public by the Company or has become public knowledge other than by a breach of this Agreement ("Confidential Information"); provided, however, that this limitation shall not apply to any such use or disclosure made while Grantee is employed by the Company, any Subsidiary or Affiliate if such disclosure occurred in connection with the performance of Grantee's job as an employee of the Company, any Subsidiary or Affiliate;
  - (ii) Grantee will not, during and for a period of twelve (12) months following Grantee's termination of employment, directly or indirectly, (x) engage in the ownership (except less than 1% of the outstanding capital stock of any publicly traded company) of or, (y) become an employee of, or (z) act as a consultant or contractor to, any competitor of the Company ("Competitor") in any market in the United States where Company, Affiliate or Subsidiary does business.
    - a. For purposes of this paragraph "Competitor" shall mean any entity, organization, person or corporation that is involved in the same business as Company, Subsidiary or Affiliate, but in the case of (y) and (z), only to the extent such work, consulting or other activity on behalf of other entity, organization, person or corporation
      - i. is materially similar to the duties and/or functions that Grantee performed for the Company, Subsidiary or Affiliate in the last 12 months or involves duties and/or functions for Competitor about which Grantee has Confidential Information in the last 12 months. Notwithstanding
        - 1. with respect to sales functions for the Company, Subsidiary or Affiliate that are regionally based or whose focus is geographically limited, the restriction shall only apply where such work, consulting or other activity on behalf of a Competitor overlaps in whole or in part the same geographic area in which the Grantee worked for Company, Subsidiary or Affiliate in the last 12 months;
        - 2. with respect to corporate staff functions, the restriction shall only apply where Competitor is substantially engaged in the business of health insurance, managed health care, population health management, or related products or services.

- b. Notwithstanding, if Grantee's employment is terminated by the Company, Subsidiary or Affiliate other than for cause, the length of the noncompetition covenant in this paragraph shall not exceed the length of the severance and/or salary continuation benefits paid by the Company, Subsidiary or Affiliate to Grantee.
- c. Grantee acknowledges and agrees that these restrictions:
  - i. are necessary to protect the Confidential Information and goodwill of the Company, Subsidiary or Affiliate;
  - ii. are appropriately tailored and limited in time and geographic scope to do so; and
  - iii. do not impair or limit the Grantee's ability to earn a living.
- (iii) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly induce or attempt to induce any employee of the Company, any Subsidiary or Affiliate to be employed or perform services elsewhere;
- (iv) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly, induce or attempt to induce any agent or agency, broker, supplier or health care provider of the Company, any Subsidiary or Affiliate to cease or curtail providing services to the Company, any Subsidiary or Affiliate; and
- (v) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly solicit or attempt to solicit the trade of any individual or entity which, at the time of such solicitation, is a customer of the Company, any Subsidiary or Affiliate, or which the Company, any Subsidiary or Affiliate is undertaking reasonable steps to procure as a customer at the time of or immediately preceding termination of Employment; provided, however, that this limitation shall only apply to any product or service which is in competition with a product or service of the Company, any Subsidiary or Affiliate and shall apply only with respect to a customer or prospective customer with whom the Grantee has been directly or indirectly involved.
- (vi) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, for himself or herself or on behalf of or in cooperation with any other person or entity, consult with or in any manner provide advice to, any individual or entity which is a customer of the Company or any Subsidiary or Affiliate of the Company, provided, however, that this limitation shall apply only to consultation or advice relating to any product or service of the Company, or any Subsidiary or Affiliate, or which is in competition with any product or service of the Company, or any Subsidiary or Affiliate, and shall apply only with respect to a customer or prospective customer with whom the Grantee has been directly or indirectly involved, or about which Grantee has Confidential Information.

**In addition:**

- (vii) Following the termination of Grantee's Employment, Grantee shall provide assistance to and shall cooperate with the Company, any Subsidiary or Affiliate, upon its reasonable request and without additional compensation, with respect to matters within the scope of Grantee's duties and responsibilities during Employment, provided that any reasonable out-of-pocket expenses Grantee incurs in connection with any assistance Grantee has been requested to provide under this provision for items including, but not limited to, transportation, meals, lodging and telephone, shall be reimbursed by the Company. The Company agrees and acknowledges that it shall, to the maximum extent possible under the then prevailing circumstances, coordinate, or cause a Subsidiary or Affiliate to coordinate, any such request with Grantee's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities; and
- (viii) Grantee shall promptly notify the Company's General Counsel if Grantee is contacted by a regulatory or self-regulatory agency with respect to matters pertaining to the Company or by an attorney or other individual who informs the Grantee that he/she has filed, intends to file, or is considering filing a claim or complaint against the Company.
- (ix) Grantee acknowledges that all original works of authorship that are created by Grantee (solely or jointly with others) within the scope of Grantee's employment and relating in any way to the business or contemplated business, products, activities, research or development of the Company, any Subsidiary or Affiliate, or resulting from any work performed by the Grantee for the Company, any Subsidiary or Affiliate (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101). To the extent that the foregoing does not apply, the Grantee hereby irrevocably assigns to the Company, and its successors and assigns, for no additional consideration, the Grantee's entire right, title and interest in and to all such works of authorship. Grantee further acknowledges that while employed by the Company, any Subsidiary or Affiliate, Grantee may develop ideas, inventions, discoveries, innovations, procedures, methods, know-how or other works which relate to the Company's current or are reasonably expected to relate to the Company's future business (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) that may be patentable or subject to trade secret protection. Grantee agrees that all such works of authorship, ideas, inventions, discoveries, innovations, procedures, methods, know-how and other works shall belong exclusively to the Company, and the Grantee hereby assigns all right, title, and interest therein to the Company.

To the extent any of the foregoing works may be patentable, Grantee agrees that the Company may file and prosecute any application for patents for such works and that the Grantee will, on request, execute assignments to the Company relating to (and take all such further steps as may be reasonably necessary to perfect the Company's sole and exclusive ownership of) any such application and any patents resulting there from.

- (b) If any provision of Article VI (a) is determined by a court of competent jurisdiction not to be enforceable in the manner set forth herein, the Company and Grantee agree that it is the intention of the parties that such provision should be enforceable to the maximum extent possible under applicable law and that such court shall reform such provision to make it enforceable in accordance with the intent of the parties.
- (c) Grantee acknowledges that a material part of the inducement for the Company to grant the Performance Stock Units is Grantee's covenants set forth in Article VI (a) and that the covenants and obligations of Grantee with respect to nondisclosure, non-solicitation and cooperation relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, Grantee agrees that, if Grantee shall breach any of those covenants or obligations, Grantee shall not be entitled to vest in the Performance Stock or be entitled to retain any income therefrom and the Company shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining Grantee from committing any violation of the covenants and obligations contained in Article VI. The Company also shall be entitled to recover any attorneys' fees, costs, and expenses it incurs in connection with any judicial proceeding arising out of Grantee's breach of this Agreement. The remedies in the preceding sentences are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity as a court or arbitrator shall reasonably determine.
- (d) The Restrictive Covenants set forth in this Article VI shall supplement and do not supersede the restrictions agreed to by Grantee in any other agreement or contract.
- (e) Employment Dispute Arbitration Program - Mandatory Binding Arbitration of Employment Disputes.
  - (i) Except as otherwise specified in this Agreement, the Grantee and the Company agree that all employment-related legal disputes between them will be submitted to and resolved by binding arbitration, and neither the Grantee nor the Company will file or participate as an individual party or member of a class in a lawsuit in any court against the other with respect to such matters. This shall apply to claims brought on or after the date the Grantee accepts this Agreement, even if the facts and circumstances relating to the claim occurred prior to that date and regardless of whether the Grantee or the Company previously filed a complaint/charge with a government agency concerning the claim.

For purposes of Article VI (e) of this Agreement, "the Company" includes Aetna Inc., its Subsidiaries and Affiliates, their predecessors, successors and assigns, and those acting as representatives or agents of those entities. THE GRANTEE UNDERSTANDS THAT, WITH RESPECT TO CLAIMS SUBJECT TO THE ARBITRATION REQUIREMENT, ARBITRATION REPLACES THE RIGHT OF THE GRANTEE AND THE COMPANY TO SUE OR PARTICIPATE IN A LAWSUIT. THE GRANTEE ALSO UNDERSTANDS THAT IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY, AND THE DECISION OF THE ARBITRATOR IS FINAL AND BINDING.

- (ii) THE GRANTEE UNDERSTANDS THAT THE ARBITRATION PROVISIONS OF THIS AGREEMENT AFFECT THE LEGAL RIGHTS OF THE GRANTEE AND THE COMPANY AND ACKNOWLEDGES THAT THE GRANTEE HAS BEEN ADVISED TO, AND HAS BEEN GIVEN THE OPPORTUNITY TO, OBTAIN LEGAL ADVICE BEFORE SIGNING THIS AGREEMENT.

- (iii) Article VI (e) of this Agreement does not apply to workers' compensation claims, unemployment compensation claims, and claims under the Employee Retirement Income Security Act of 1974 ("ERISA") for employee benefits. A dispute as to whether Article VI (e) of this Agreement applies must be submitted to the binding arbitration process set forth in this Agreement.
- (iv) The Grantee and/or the Company may seek emergency or temporary injunctive relief from a court (including with respect to claims arising out of Article VI (a) in accordance with applicable law). However, except as provided in Article VI (c) of this Agreement, after the court has issued a ruling concerning the emergency or temporary injunctive relief, the Grantee and the Company shall be required to submit the dispute to binding arbitration pursuant to this Agreement.
- (v) Unless otherwise agreed, the arbitration will be administered by the American Arbitration Association (the "AAA") and will be conducted pursuant to the AAA's Employment Arbitration Rules and Mediation Procedures (the "Rules"), as modified in this Agreement, in effect at the time the request for arbitration is filed. The AAA's Rules are available on the AAA's website at [www.adr.org](http://www.adr.org). THE GRANTEE ACKNOWLEDGES THAT THE COMPANY HAS ENCOURAGED THE GRANTEE TO READ THESE RULES PROMPTLY AND CAREFULLY AND THAT THE GRANTEE HAS BEEN AFFORDED SUFFICIENT OPPORTUNITY TO DO SO.
- (vi) If the Company initiates a request for arbitration, the Company will pay all of the administrative fees and costs charged by the AAA, including the arbitrator's compensation and charges for hearing room rentals, etc. If the Grantee initiates a request for arbitration or submits a counterclaim to the Company's request for arbitration, the Grantee shall be required to contribute One Hundred Dollars (\$100.00) to those administrative fees and costs, payable to the AAA at the time the Grantee's request for arbitration or counterclaim is submitted. The Company may increase the contribution amount in the future without amending this Agreement, but not to exceed the maximum permitted under the AAA rules then in effect. In all cases, the Grantee and the Company shall be responsible for payment of any fees assessed by the arbitrator as a result of that party's delay, request for postponement, failure to comply with the arbitrator's rulings and for other similar reasons.
- (vii) The Grantee and the Company may choose to be represented by legal counsel in the arbitration process and shall be responsible for their own legal fees, expenses and costs. However, the arbitrator shall have the same authority as a court to order the Grantee or the Company to pay some or all of the other's legal fees, expenses and costs, in accordance with applicable law.
- (viii) Unless otherwise agreed, there shall be a single arbitrator, selected by the Grantee and the Company from a list of qualified neutrals furnished by the AAA. If the Grantee and the Company cannot agree on an arbitrator, one will be selected by the AAA.
- (ix) Unless otherwise agreed, the arbitration hearing will take place in the city where the Grantee works or last worked for the Company. If the Grantee and the Company disagree as to the proper locale, the AAA will decide.
- (x) The Grantee and the Company shall be entitled to conduct limited pre-hearing discovery. Each may take the deposition of one person and anyone designated by the other as an expert witness. The party taking the deposition shall be responsible for all associated costs, such as the cost of a

court reporter and the cost of an original transcript. Each party also has the right to submit one set of ten written questions (including subparts) to the other party, which must be answered under oath, and to request and obtain all documents on which the other party relies in support of its answers to the written questions. Additional discovery may be permitted by the arbitrator upon a showing that it is necessary for that party to have a fair opportunity to present a claim or defense.

- (xi) The arbitrator shall apply the same substantive law that would apply if the matter were heard by a court and shall have the authority to order the same remedies (but no others) as would be available in a court proceeding. The time limits for requesting arbitration or submitting a counterclaim and the administrative prerequisites for filing an arbitration claim or counterclaim are the same as they would be in a court proceeding. The arbitrator shall consider and decide any dispositive motions (motions seeking a decision on some or all of the claims or counterclaims without an arbitration hearing) filed by any party.
- (xii) All proceedings, including the arbitration hearing and decision, are private and confidential, unless otherwise required by law. Arbitration decisions may not be published or publicized without the consent of both the Grantee and the Company.
- (xiii) Unless otherwise agreed, the arbitrator's decision will be in writing with a brief summary of the arbitrator's opinion.
- (xiv) The arbitrator's decision is final and binding on the Grantee and the Company. After the arbitrator's decision is issued, the Grantee or the Company may obtain an order of judgment from a court and may obtain a court order enforcing the decision. The arbitrator's decision may be appealed to the courts only under the limited circumstances provided by law.
- (xv) If the Grantee previously signed an agreement, including but not limited to an employment agreement, containing arbitration provisions, those provisions are superseded by the arbitration provisions of this Agreement.
- (xvi) If any provision of Article VI (e) is found to be void or otherwise unenforceable, in whole or in part, this shall not affect the validity of the remainder of Article VI (e) and the remainder of the Agreement. All other provisions shall remain in full force and effect.
- (f) Except as provided in connection with mandatory binding arbitration of employment disputes, Grantee hereby submits to the exclusive jurisdiction of the courts of the State of Connecticut and the United States District Court for the District of Connecticut with respect to any action relating to this Agreement, and agrees that (i) the sole and exclusive appropriate venue for any suit or proceeding relating to this Agreement shall be in such court, and (ii) hereby waives any and all objections and defenses based on forum, venue or personal or subject matter jurisdiction as they may relate to a suit or proceeding brought before such court in accordance with the Agreement.

For purposes of this Article VI, the term "Employment" shall refer to active employment with the Company, any Subsidiary or Affiliate, and shall not include salary continuation or severance periods.

## ARTICLE VII

### OTHER TERMS

- (a) Nothing in this Agreement shall interfere with or limit in any way the right of the Company, any Subsidiary or Affiliate to terminate the Grantee's employment at any time. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Grantee for any period.
- (b) Until the Performance Stock Units have become vested, Grantee shall not have any rights as a stockholder (including the right to payment of dividends) by virtue of this grant of Performance Stock Units.
- (c) During the Vesting Period, the Performance Stock Units shall be nontransferable and non-assignable except by will or the laws of descent and distribution.
- (d) The award, when vested, will be settled on a net basis. Prior to issuing any Common Shares, the Company will withhold an amount sufficient to satisfy federal, state, local, social security and Medicare withholding tax requirements relating to award. Any social security calculation or other adjustments discovered after net share payment will be settled in cash, not in Shares of Common Stock. Vesting will result in taxable compensation reportable on the Grantee's W-2 in year of vesting.
- (e) The Company may from time to time adopt stock ownership requirements applicable to Grantees who are senior managers of the Company. In connection with and for the purpose of implementing those ownership requirements, the Company may adopt certain restrictions on the ability of a Grantee to sell shares issued under this Agreement when such ownership requirements have not been satisfied. Any such restriction on sale will be communicated generally to affected Grantees and the restriction may be modified by the Company from time to time, at its discretion. Neither the Company nor its Board of Directors shall have any obligation or liability to a Grantee in connection with any such restriction.
- (f) This Performance Stock Unit is an unfunded obligation of the Company and nothing in this Agreement shall be construed to create any claim against particular assets or require the Company to segregate or otherwise set aside any assets or create any fund to meet its obligations hereunder.
- (g) Anything herein to the contrary notwithstanding, a Grantee whose Performance Stock Units have been forfeited as a result of termination of employment due to U.S. Military Service and who is later re-employed (in a full-time active status) after discharge within the time period set in 38 U.S.C. Section 4312 will be eligible to have the forfeited Performance Stock Units reinstated as follows: (i) if such Grantee is re-employed during the Vesting Period, all forfeited Performance Stock Units shall be reinstated; or (ii) if such Grantee is re-employed after the Vesting Period, a cash payment will be made to the Grantee, minus applicable taxes, for the value of the forfeited Performance Stock Units on the Vest Date pursuant to procedures established by the Company for this purpose.
- (h) It is the intention of the Company and Grantee that this Agreement not result in unfavorable tax consequences to Grantee under Section 409A and the Agreement shall be interpreted as to so comply. Notwithstanding anything to the contrary herein, the Company and Grantee agree to the provisions set forth below in order to comply with the requirements of Section 409A.

- (i) If Grantee is a “specified employee” (within the meaning of Section 409A) with respect to the Company, any non-qualified deferred compensation otherwise payable to or in respect of Grantee in connection with Grantee’s termination of employment shall be delayed until the earliest date upon which such amounts may be paid without being subject to taxation under Section 409A. Any amount, the payment or benefit of which is delayed by application of the preceding sentence, shall be paid as soon as possible following the expiration of such period.
  - (ii) Unless deferred pursuant to this agreement, all payments shall be paid to Grantee, to the extent earned, in no event later than the last day of the “applicable 2 ½ month period,” as such term is defined in Treasury Regulation Section 1.409A-1(b)(4)(i)(A) with respect to such payment’s treatment as a “short-term deferral” for purposes of Section 409A.
  - (iii) The Company and Grantee agree to cooperate in good faith in an effort to comply with Section 409A. Under no circumstances shall the Company be responsible for any taxes, penalties, interest or other losses or expenses incurred by the Grantee due to any failure to comply with Section 409A.
- (i) This Agreement is subject to the 2010 Stock Incentive Plan heretofore adopted by the Company and approved by its shareholders. The terms and provisions of the Plan (including any subsequent amendments thereto) are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
  - (j) At such times and upon such terms and conditions as the Company shall determine, the Company may permit eligible Grantees to elect to defer the distribution of an Award otherwise payable to the Grantee under this Agreement until termination of the Grantee’s Employment or such other date Company shall permit.
  - (k) This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Connecticut, without giving effect to its choice of law provisions.



**AETNA INC.  
2010 STOCK INCENTIVE PLAN**

**EXECUTIVE RESTRICTED STOCK UNIT TERMS OF AWARD**

Pursuant to its 2010 Stock Incentive Plan (the "Plan"), Aetna Inc. (the "Company") hereby grants Restricted Stock Units on the terms and conditions hereinafter set forth. The number of Restricted Stock Units awarded and vesting information are included in the website of the designated broker, currently UBS Financial Services, Inc., and in the Notice of the Restricted Stock Unit Acknowledgement and Acceptance Form, if applicable. All capitalized terms used herein which are not otherwise defined herein shall have the meaning specified in the Plan.

**ARTICLE I**

**DEFINITIONS**

- (a) "Affiliate" means an entity at least a majority of the total voting power of the then-outstanding voting securities of which is held, directly or indirectly, by the Company and/or one or more other Affiliates.
- (b) "Board" means the Board of Directors of Aetna Inc.
- (c) "Change in Control" means the happening of any of the following:
  - (i) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act but excluding the Company and any Subsidiary thereof and any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities;
  - (ii) When, during any period of 24 consecutive months, the individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason other than death to constitute at least a majority thereof, provided that a director who was not a director at the beginning of such 24-month period shall be deemed to have satisfied such 24-month requirement (and be an Incumbent Director) if such director was elected by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually (because they were directors at the beginning of such 24-month period) or by prior operation of this paragraph (ii); or

- (iii) The occurrence of a transaction requiring stockholder approval for the acquisition of the Company by an entity other than the Company or a Subsidiary through purchase of assets, or by merger, or otherwise.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Grantee, if Grantee is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the effective date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a person engaged in business as an underwriter of securities shall not be deemed to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

- (d) "Committee" means the Board's Committee on Compensation and Organization or any successor thereto.
- (e) "Common Stock" means the Company's Common Shares, \$.01 par value per share.
- (f) "Company" means Aetna Inc.
- (g) "Effective Date" means the date of grant of this award of Restricted Stock Units.
- (h) "Fair Market Value" means the closing price of the Common Stock as reported by the Consolidated Tape of the New York Stock Exchange Listed Shares on the date such value is to be determined, or, if no shares were traded on such date, on the next day on which the Common Stock is traded.
- (i) "Fundamental Corporate Event" shall mean any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or similar event.
- (j) "Grantee" means the person to whom this award has been granted.
- (k) "Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the voting stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding voting stock.
- (l) "Long Term Disability" means long-term disability as defined under the terms of the Company's applicable long-term disability plans or policies.

- (m) "Net Shares" means the number of shares of Common Stock which will be deposited in a brokerage account in the Grantee's name at the Company's designated broker after shares have been withheld to satisfy applicable tax and withholding requirements upon vesting of the Restricted Stock Units.
- (n) "Plan" means the Aetna Inc. 2010 Stock Incentive Plan.
- (o) "Restricted Period" means the period during which this award of Restricted Stock Units is not vested.
- (p) "Restricted Stock Units" means the number of shares of Common Stock represented by the number of units awarded or such other amount as may result by operation of Article III of this Agreement.
- (q) "Retirement" means the termination of employment of a Grantee from active service with the Company, any Subsidiary or Affiliate provided the Grantee's age and completed years of service total 65 or more points at termination of employment.
- (r) "Section 409A" means Section 409A of the Internal Revenue Code of 1986, as amended, and the regulation issued thereunder, as may be amended from time to time.
- (s) "Shares of Stock" or "Stock" means the Common Stock.
- (t) "Subsidiary" means an entity of which, at the time such subsidiary status is to be determined, at least 50% of the total combined voting power of all classes of stock of such entity is held by the Company and/or one or more other subsidiaries.
- (u) "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to the Restricted Stock Units by bequest or inheritance or by reason of the death of the Grantee.
- (v) "Vest Date" means the date on which this award of Restricted Stock Units shall vest in accordance with the terms of this Agreement and as set forth on the website of the designated broker and in the Notice of Restricted Stock Unit Grant, if applicable.

## **ARTICLE II**

### **RESTRICTED PERIOD**

Subject to the terms of this Agreement, the Restricted Stock Units will vest in installments on the Vest Date in accordance with the terms of the Plan and this Terms of Award Agreement, or on such date as provided in Article IV or V. On the Vest Date, the Grantee shall vest to one share of Common Stock for each vested Restricted Stock Unit net of applicable taxes and withholding. Such Net Shares will be delivered to the Company's designated broker, in a brokerage account established in the Grantee's name.

### **ARTICLE III**

#### **CAPITAL CHANGES**

In the event that the Committee shall determine that any Fundamental Corporate Event affects the Common Stock such that an adjustment is required to preserve, or to prevent enlargement of, the benefits or potential benefits made available under this Plan, then the Committee shall, in such manner as the Committee may deem equitable, adjust the number and kind of shares subject to the award of Restricted Stock Units. Additionally, the Committee may make provision for cash payment to a Grantee or the Successor of the Grantee to the extent permitted under Section 409A. However, the number of Restricted Stock Units shall always be a whole number.

### **ARTICLE IV**

#### **CHANGE IN CONTROL**

Upon the occurrence of (i) a Change in Control, and (ii) within 24 months thereafter the Company terminates Grantee's Employment without cause, all RSUs, whether or not vested, shall become immediately vested and become payable, provided, however, that, as set forth in the Plan, to the extent the RSUs are considered deferred compensation subject to Section 409A, unless the Change in Control also satisfies the definition of "change in control" under Section 409A, payment shall not be so accelerated but shall occur upon the scheduled Vest Date(s) under Article II.

### **ARTICLE V**

#### **TERMINATION OF EMPLOYMENT**

- (a) Except as provided in (f) below, if the Grantee shall die during the Restricted Period, the unvested Restricted Stock Units shall become immediately vested and Net Shares, if any, will be deposited with the Company's designated broker in a brokerage account established in Grantee's name.
- (b) Except as provided in (f) below, if the Grantee shall begin to receive Long Term Disability benefits during the Restricted Period, the unvested Restricted Stock Units shall continue to vest and Net Shares, if any, will be deposited with the Company's designated broker in a brokerage account established in Grantee's name on the scheduled Vest Date(s) under Article II.
- (c) Except as provided in (f) below, if, during the restricted period, Grantee shall cease to be employed by the Company, any Subsidiaries or Affiliates during the Restricted Period, for reason of Retirement or involuntary termination of employment by the Company, a portion of the Restricted Stock Units shall vest in accordance with the following formula: (i) the number of completed months employed after the Effective Date divided by the number of full months in the restricted period; multiplied by (ii) number of Restricted Stock Units, minus any vested Restricted Stock Units. For purposes of this calculation, a month is complete on the day in the following month that corresponds to the Effective Date (e.g., February 13 to March 13). Net shares, if any, will be deposited with the Company's designated broker in a brokerage account established in Grantee's name on the next scheduled Vest Date under Article II and, applicable taxes and withholding will be applied based on the Fair Market Value on that date.

- (d) Except as provided in (e) and (f) below, if the Grantee shall, for a reason other than death, Long-Term Disability, Retirement or involuntary termination of employment by the Company, cease to be employed by the Company, any Subsidiaries or Affiliates during the Restricted Period, any unvested Restricted Stock Units shall be forfeited at the time of cessation of employment.
- (e) Except as provided in (a) or (b) or (c) above, any Restricted Stock Unit not vested as of the date Grantee terminates employment shall be forfeited at the time of cessation of employment; provided, however, that if Grantee's employment is terminated by the Company other than for cause and Grantee has not previously, or does not subsequently, vest to any portion of the Restricted Stock Unit in accordance with its terms, then upon the forfeiture of the entire Restricted Stock Unit, the Company will pay Grantee an amount equal to the value of a single share of Common Stock, whether or not the forfeited Restricted Stock Unit related to more than a single share of Common Stock, calculated as of the cessation of employment, if requested by Grantee, within 30 days of such cessation of employment.
- (f) No Restricted Stock Unit will vest after the Company has terminated the employment of the Grantee for cause, unless the Committee, in its sole discretion, deems a payment to be warranted under the particular circumstances. In addition, the Restricted Stock Units will not vest if Grantee has willfully engaged in gross misconduct or other serious impropriety which the Company determines is likely to be damaging or detrimental to the Company, any Subsidiary or Affiliate.
- (g) Employment for purposes of determining the vesting rights of the Grantee and the expiration of the grant under this Article V shall mean continuous full-time salaried employment with the Company, any Subsidiary or an Affiliate, except that the period during which the Grantee is on vacation, sick leave, or other pre-approved leave of absence (provided there is no actual termination of employment), or in receipt of salary continuation or severance pay shall not interrupt the continuous employment of the Grantee. Employment shall also include service with Aetna Foundation, Inc.

## ARTICLE VI

### EMPLOYEE COVENANTS

- (a) As consideration for this grant of Restricted Stock Units, without prior written consent of the Company:
  - (i) Grantee will not (except to the extent required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency) use or disclose to any third person, whether during or subsequent to Grantee's employment, any trade secrets, confidential information and proprietary materials, which may include, but are not limited to, the following categories of information and materials: customer lists and identities; provider lists and identities; employee lists and identities; product development and related information; marketing plans and related information; sales plans and related information; premium or other pricing information; operating policies and manuals; research; payment rates; methodologies; procedures; contractual forms; business plans; financial records; computer programs; database; or other financial, commercial, business or technical information related to the Company, any Subsidiary or Affiliate unless such information has been previously disclosed to the public by the Company or has become public knowledge other than by a breach of this Agreement ("Confidential Information"); provided, however, that this limitation shall not apply to any such use or disclosure made while Grantee is

(viii) Grantee shall promptly notify the Company's General Counsel if Grantee is contacted by a regulatory or self-regulatory agency with respect to matters pertaining to the Company or by an attorney or other individual who informs the Grantee that he/she has filed, intends to file, or is considering filing a claim or complaint against the Company.

(ix) Grantee acknowledges that all original works of authorship that are created by Grantee (solely or jointly with others) within the scope of Grantee's employment and relating in any way to the business or contemplated business, products, activities, research or development of the Company, any Subsidiary or Affiliate, or resulting from any work performed by the Grantee for the Company, any Subsidiary or Affiliate (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101). To the extent that the foregoing does not apply, the Grantee hereby irrevocably assigns to the Company, and its successors and assigns, for no additional consideration, the Grantee's entire right, title and interest in and to all such works of authorship. Grantee further acknowledges that while employed by the Company, any Subsidiary or Affiliate, Grantee may develop ideas, inventions, discoveries, innovations, procedures, methods, know-how or other works which relate to the Company's current or are reasonably expected to relate to the Company's future business (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) that may be patentable or subject to trade secret protection. Grantee agrees that all such works of authorship, ideas, inventions, discoveries, innovations, procedures, methods, know-how and other works shall belong exclusively to the Company, and the Grantee hereby assigns all right, title, and interest therein to the Company.

To the extent any of the foregoing works may be patentable, Grantee agrees that the Company may file and prosecute any application for patents for such works and that the Grantee will, on request, execute assignments to the Company relating to (and take all such further steps as may be reasonably necessary to perfect the Company's sole and exclusive ownership of) any such application and any patents resulting therefrom.

(b) If any provision of Article VI (a) is determined by a court of competent jurisdiction not to be enforceable in the manner set forth herein, the Company and Grantee agree that it is the intention of the parties that such provision should be enforceable to the maximum extent possible under applicable law and that such court shall reform such provision to make it enforceable in accordance with the intent of the parties.

- (c) Grantee acknowledges that a material part of the inducement for the Company to grant the Restricted Stock Units is Grantee's covenants set forth in Article VI (a) and that the covenants and obligations of Grantee with respect to nondisclosure, non-solicitation and cooperation relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, Grantee agrees that, if Grantee shall breach any of those covenants or obligations, Grantee shall not be entitled to vest in the Restricted Stock or be entitled to retain any income therefrom and the Company shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining Grantee from committing any violation of the covenants and obligations contained in Article VI. The Company also shall be entitled to recover any attorneys' fees, costs, and expenses it incurs in connection with any judicial proceeding arising out of Grantee's breach of this Agreement. The remedies in the preceding sentences are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity as a court or arbitrator shall reasonably determine.
- (d) The Restrictive Covenants set forth in this Article VI shall supplement and do not supersede the restrictions agreed to by Grantee in any other agreement or contract.
- (e) Employment Dispute Arbitration Program - Mandatory Binding Arbitration of Employment Disputes.
  - (i) Except as otherwise specified in this Agreement, the Grantee and the Company agree that all employment-related legal disputes between them will be submitted to and resolved by binding arbitration, and neither the Grantee nor the Company will file or participate as an individual party or member of a class in a lawsuit in any court against the other with respect to such matters. This shall apply to claims brought on or after the date the Grantee accepts this Agreement, even if the facts and circumstances relating to the claim occurred prior to that date and regardless of whether the Grantee or the Company previously filed a complaint/charge with a government agency concerning the claim.

For purposes of Article VI (e) of this Agreement, "the Company" includes Aetna Inc., its Subsidiaries and Affiliates, their predecessors, successors and assigns, and those acting as representatives or agents of those entities. THE GRANTEE UNDERSTANDS THAT, WITH RESPECT TO CLAIMS SUBJECT TO THE ARBITRATION REQUIREMENT, ARBITRATION REPLACES THE RIGHT OF THE GRANTEE AND THE COMPANY TO SUE OR PARTICIPATE IN A LAWSUIT. THE GRANTEE ALSO UNDERSTANDS THAT IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY, AND THE DECISION OF THE ARBITRATOR IS FINAL AND BINDING.

- (ii) THE GRANTEE UNDERSTANDS THAT THE ARBITRATION PROVISIONS OF THIS AGREEMENT AFFECT THE LEGAL RIGHTS OF THE GRANTEE AND THE COMPANY AND ACKNOWLEDGES THAT THE GRANTEE HAS BEEN ADVISED TO, AND HAS BEEN GIVEN THE OPPORTUNITY TO, OBTAIN LEGAL ADVICE BEFORE SIGNING THIS AGREEMENT.

- (iii) Article VI (e) of this Agreement does not apply to workers' compensation claims, unemployment compensation claims, and claims under the Employee Retirement Income Security Act of 1974 ("ERISA") for employee benefits. A dispute as to whether Article VI (e) of this Agreement applies must be submitted to the binding arbitration process set forth in this Agreement.
- (iv) The Grantee and/or the Company may seek emergency or temporary injunctive relief from a court (including with respect to claims arising out of Article VI (a) in accordance with applicable law). However, except as provided in Article VI (c) of this Agreement, after the court has issued a ruling concerning the emergency or temporary injunctive relief, the Grantee and the Company shall be required to submit the dispute to binding arbitration pursuant to this Agreement.
- (v) Unless otherwise agreed, the arbitration will be administered by the American Arbitration Association (the "AAA") and will be conducted pursuant to the AAA's Employment Arbitration Rules and Mediation Procedures (the "Rules"), as modified in this Agreement, in effect at the time the request for arbitration is filed. The AAA's Rules are available on the AAA's website at [www.adr.org](http://www.adr.org). THE GRANTEE ACKNOWLEDGES THAT THE COMPANY HAS ENCOURAGED THE GRANTEE TO READ THESE RULES PROMPTLY AND CAREFULLY AND THAT THE GRANTEE HAS BEEN AFFORDED SUFFICIENT OPPORTUNITY TO DO SO.
- (vi) If the Company initiates a request for arbitration, the Company will pay all of the administrative fees and costs charged by the AAA, including the arbitrator's compensation and charges for hearing room rentals, etc. If the Grantee initiates a request for arbitration or submits a counterclaim to the Company's request for arbitration, the Grantee shall be required to contribute One Hundred Dollars (\$100.00) to those administrative fees and costs, payable to the AAA at the time the Grantee's request for arbitration or counterclaim is submitted. The Company may increase the contribution amount in the future without amending this Agreement, but not to exceed the maximum permitted under the AAA rules then in effect. In all cases, the Grantee and the Company shall be responsible for payment of any fees assessed by the arbitrator as a result of that party's delay, request for postponement, failure to comply with the arbitrator's rulings and for other similar reasons.
- (vii) The Grantee and the Company may choose to be represented by legal counsel in the arbitration process and shall be responsible for their own legal fees, expenses and costs. However, the arbitrator shall have the same authority as a court to order the Grantee or the Company to pay some or all of the other's legal fees, expenses and costs, in accordance with applicable law.
- (viii) Unless otherwise agreed, there shall be a single arbitrator, selected by the Grantee and the Company from a list of qualified neutrals furnished by the AAA. If the Grantee and the Company cannot agree on an arbitrator, one will be selected by the AAA.
- (ix) Unless otherwise agreed, the arbitration hearing will take place in the city where the Grantee works or last worked for the Company. If the Grantee and the Company disagree as to the proper locale, the AAA will decide.

- (x) The Grantee and the Company shall be entitled to conduct limited pre-hearing discovery. Each may take the deposition of one person and anyone designated by the other as an expert witness. The party taking the deposition shall be responsible for all associated costs, such as the cost of a court reporter and the cost of an original transcript. Each party also has the right to submit one set of ten written questions (including subparts) to the other party, which must be answered under oath, and to request and obtain all documents on which the other party relies in support of its answers to the written questions. Additional discovery may be permitted by the arbitrator upon a showing that it is necessary for that party to have a fair opportunity to present a claim or defense.
  - (xi) The arbitrator shall apply the same substantive law that would apply if the matter were heard by a court and shall have the authority to order the same remedies (but no others) as would be available in a court proceeding. The time limits for requesting arbitration or submitting a counterclaim and the administrative prerequisites for filing an arbitration claim or counterclaim are the same as they would be in a court proceeding. The arbitrator shall consider and decide any dispositive motions (motions seeking a decision on some or all of the claims or counterclaims without an arbitration hearing) filed by any party.
  - (xii) All proceedings, including the arbitration hearing and decision, are private and confidential, unless otherwise required by law. Arbitration decisions may not be published or publicized without the consent of both the Grantee and the Company.
  - (xiii) Unless otherwise agreed, the arbitrator's decision will be in writing with a brief summary of the arbitrator's opinion.
  - (xiv) The arbitrator's decision is final and binding on the Grantee and the Company. After the arbitrator's decision is issued, the Grantee or the Company may obtain an order of judgment from a court and may obtain a court order enforcing the decision. The arbitrator's decision may be appealed to the courts only under the limited circumstances provided by law.
  - (xv) If the Grantee previously signed an agreement, including but not limited to an employment agreement, containing arbitration provisions, those provisions are superseded by the arbitration provisions of this Agreement.
  - (xvi) If any provision of Article VI (e) is found to be void or otherwise unenforceable, in whole or in part, this shall not affect the validity of the remainder of Article VI (e) and the remainder of the Agreement. All other provisions shall remain in full force and effect.
- (f) Except as provided in connection with mandatory binding arbitration of employment disputes, Grantee hereby submits to the exclusive jurisdiction of the courts of the State of Connecticut and the United States District Court for the District of Connecticut with respect to any action relating to this Agreement, and agrees that (i) the sole and exclusive appropriate venue for any suit or proceeding relating to this Agreement shall be in such court, and (ii) hereby waives any and all objections and defenses based on forum, venue or personal or subject matter jurisdiction as they may relate to a suit or proceeding brought before such court in accordance with the Agreement.

For purposes of this Article VI, the term "Employment" shall refer to active employment with the Company, any Subsidiary or Affiliate, and shall not include salary continuation or severance periods.

## ARTICLE VII

### OTHER TERMS

- (a) Nothing in this Agreement shall interfere with or limit in any way the right of the Company, any Subsidiary or Affiliate to terminate the Grantee's employment at any time. Neither the execution and delivery hereof nor the granting of the Award shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ or continue the employment of the Grantee for any period.
- (b) Until the Restricted Stock Units have become vested, Grantee shall not have any rights as a stockholder (including the right to payment of dividends) by virtue of this grant of Restricted Stock Units.
- (c) During the Restricted Period, the Restricted Stock Units shall be nontransferable and non-assignable except by will or the laws of descent and distribution.
- (d) The award will be settled on a net basis. Prior to issuing any Common Shares, the Company will withhold an amount sufficient to satisfy federal, state, local, social security and Medicare withholding tax requirements relating to award. Any social security calculation or other adjustments discovered after net share payment will be settled in cash, not in Shares of Common Stock. Vesting will result in taxable compensation reportable on the Grantee's W-2 in year of vesting.
- (e) The Company may from time to time adopt stock ownership requirements applicable to Grantees who are senior managers of the Company. In connection with and for the purpose of implementing those ownership requirements, the Company may adopt certain restrictions on the ability of a Grantee to sell shares issued under this Agreement when such ownership requirements have not been satisfied. Any such restriction on sale will be communicated generally to affected Grantees and the restriction may be modified by the Company from time to time, at its discretion. Neither the Company nor its Board of Directors shall have any obligation or liability to a Grantee in connection with any such restriction.
- (f) This Restricted Stock Unit is an unfunded obligation of the Company and nothing in this Agreement shall be construed to create any claim against particular assets or require the Company to segregate or otherwise set aside any assets or create any fund to meet its obligations hereunder.

- (g) Anything herein to the contrary notwithstanding, a Grantee whose Restricted Stock Units have been forfeited as a result of termination of employment due to U.S. Military Service and who is later re-employed (in a full-time active status) after discharge within the time period set in 38 U.S.C. Section 4312 will be eligible to have the forfeited Restricted Stock Units reinstated as follows: (i) if such Grantee is re-employed during the Restricted Period, all forfeited Restricted Stock Units shall be reinstated; or (ii) if such Grantee is re-employed after the Restricted Period, a cash payment will be made to the Grantee, minus applicable taxes, for the value of the forfeited Restricted Stock Units on the Vest Date pursuant to procedures established by the Company for this purpose.
- (h) If any provision of this Agreement would cause Grantee to incur any additional tax or interest under Section 409A, the Company may reform such provision (including an amendment retroactive to the Effective Date to the extent permissible) to comply with Section 409A.
- (i) If the Company reasonably anticipates that the Company's tax deduction with respect to the payment upon vesting of the Restricted Stock Units would be limited or eliminated by application of Section 162(m) of the Internal Revenue Code, the Company may elect, in accordance with Section 409A, to delay the payment of such Restricted Stock Units to the earliest date in which the Company anticipates that its tax deduction for such payment will not be limited or eliminated.
- (j) This Agreement is subject to the 2010 Stock Incentive Plan heretofore adopted by the Company and approved by its shareholders. The terms and provisions of the Plan (including any subsequent amendments thereto) are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
- (k) Voluntary Deferral. At such times and upon such terms and conditions as the Company shall determine in accordance with the terms of the Plan and Section 409A, the Company may permit eligible Grantees to elect to defer the distribution of an Award otherwise payable to the Grantee under this Agreement until termination of the Grantee's Employment or such other date Company shall permit.
- (l) This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Connecticut, without giving effect to its choice of law provisions.

I have read the Restricted Stock Unit Agreement. I accept the Restricted Stock Unit award and agree to be bound by all of its terms and conditions, including mandatory binding arbitration of employment related disputes and, if applicable, any other provisions of Article VI.



**AETNA INC.  
2010 STOCK INCENTIVE PLAN**

**STOCK APPRECIATION RIGHT TERMS OF AWARD**

Pursuant to its 2010 Stock Incentive Plan, Aetna Inc. has granted a stock appreciation right on shares of Aetna Inc. Common Stock. The number of shares represented by this right, the Grant Price and vesting information are included on the website of the designated broker, currently UBS Financial Services, Inc., and in the Notice of Stock Appreciation Right Grant, if applicable. The Stock Appreciation Right is issued on the terms and conditions hereinafter set forth.

**ARTICLE I**

**DEFINITIONS**

- (a) "Affiliate" means an entity at least a majority of the total voting power of the then-outstanding voting securities of which is held, directly or indirectly, by the Company and/or one or more other Affiliates.
- (b) "Board" means the Board of Directors of Aetna Inc.
- (c) "Change in Control" means the happening of any of the following:
  - (i) When any "person" as defined in Section 3(a)(9) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and as used in Sections 13(d) and 14(d) thereof, including a "group" as defined in Section 13(d) of the Exchange Act but excluding the Company and any Subsidiary thereof and any employee benefit plan sponsored or maintained by the Company or any Subsidiary (including any trustee of such plan acting as trustee), directly or indirectly, becomes the "beneficial owner" (as defined in Rule 13d-3 under the Exchange Act, as amended from time to time), of securities of the Company representing 20 percent or more of the combined voting power of the Company's then outstanding securities;
  - (ii) When, during any period of 24 consecutive months, the individuals who, at the beginning of such period, constitute the Board (the "Incumbent Directors") cease for any reason other than death to constitute at least a majority thereof, provided that a director who was not a director at the beginning of such 24-month period shall be deemed to have satisfied such 24-month requirement (and be an Incumbent Director) if such director was elected by, or on the recommendation of or with the approval of, at least two-thirds of the directors who then qualified as Incumbent Directors either actually (because they were directors at the beginning of such 24-month period) or by prior operation of this paragraph (ii); or

- (iii) The occurrence of a transaction requiring stockholder approval for the acquisition of the Company by an entity other than the Company or a Subsidiary through purchase of assets, or by merger, or otherwise.

Notwithstanding the foregoing, in no event shall a "Change in Control" be deemed to have occurred (i) as a result of the formation of a Holding Company, or (ii) with respect to Grantee, if Grantee is part of a "group," within the meaning of Section 13(d)(3) of the Exchange Act as in effect on the effective date, which consummates the Change in Control transaction. In addition, for purposes of the definition of "Change in Control" a person engaged in business as an underwriter of securities shall not be deemed to be the "beneficial owner" of, or to "beneficially own," any securities acquired through such person's participation in good faith in a firm commitment underwriting until the expiration of forty days after the date of such acquisition.

- (d) "Committee" means the Board's Committee on Compensation and Organization or any successor thereto.
- (e) "Common Stock" means shares of the Company's Common Stock, \$.01 par value per share.
- (f) "Company" means Aetna Inc.
- (g) "Effective Date" means the date of grant of this Stock Appreciation Right, as approved by the Committee.
- (h) "Exercise Date" means the date the Grantee has notified the designated broker to exercise all or a portion of the Stock Appreciation Right.
- (i) "Fair Market Value" means the closing price of the Common Stock as reported by the Consolidated Tape of the New York Stock Exchange Listed Shares on the date such value is to be determined, or, if no shares were traded on such day, on the next day on which the Common Stock is traded.
- (j) "Fundamental Corporate Event" shall mean any stock dividend, extraordinary cash dividend, recapitalization, reorganization, merger, consolidation, split-up, spin-off, combination, exchange of shares, warrants or rights offering to purchase Common Stock at a price substantially below fair market value, or similar event.
- (k) "Grantee" means the person to whom this Stock Appreciation Right has been granted.
- (l) "Grant Price" means the dollar amount per share of Common Stock that is the basis for determining the appreciation in value of the Common Stock.
- (m) "Holding Company" means an entity that becomes a holding company for the Company or its businesses as a part of any reorganization, merger, consolidation or other transaction, provided that the outstanding shares of common stock of such entity and the combined voting power of the then outstanding voting securities of such entity entitled to vote generally in the election of directors is, immediately after such reorganization, merger, consolidation or other transaction, beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who were the beneficial owners, respectively of the voting stock outstanding immediately prior to such reorganization, merger, consolidation or other transaction in substantially the same proportions as

their ownership, immediately prior to such reorganization, merger, consolidation or other transaction, of such outstanding voting stock.

- (n) "Long Term Disability" means long-term disability as defined under the terms of the Company's applicable long-term disability plans or policies.
- (o) "Plan" means the Aetna Inc. 2010 Stock Incentive Plan.
- (p) "Retirement" means the termination of employment of a Grantee from active service with the Company, a Subsidiary or Affiliate provided the Grantee's age and completed years of service total 65 or more points at termination of employment.
- (q) "SAR" means Stock Appreciation Right.
- (r) "Shares Granted" means the number of shares of Common Stock represented by the Stock Appreciation Right, or such other amount as may result by operation of Article IV of this Agreement.
- (s) "Shares of Stock" or "Stock" means the Common Stock.
- (t) "Stock Appreciation Right" or "SAR" means the right granted herein to be paid the excess, as of the Exercise Date, of (i) the Fair Market Value of the shares of Common Stock associated with this Stock Appreciation Right (or the portion thereof that is surrendered on exercise) over (ii) the Grant Price of such Stock Appreciation Right.
- (u) "Stock Appreciation Rights Vested" means number of Stock Appreciation Rights exercisable on any given date.
- (v) "Subsidiary" means any entity of which, at the time such subsidiary status is to be determined, at least 50% of the total combined voting power of all classes of stock in such entity is held by the Company and/or one or more other subsidiaries.
- (w) "Successor" means the legal representative of the estate of a deceased Grantee or the person or persons who shall acquire the right to exercise a SAR by bequest or inheritance or by reason of the death of the Grantee.
- (x) "Term" means the period during which the SAR granted hereby may be exercised.
- (y) "Vest Date" means the date on which a portion of the SAR becomes exercisable pursuant to the Terms of the Award and, as set forth on the website of the designated broker and in the Notice of Stock Appreciation Right Grant, if applicable.

## ARTICLE II

### TERM OF SAR AND EXERCISE

- (a) Subject to the terms of this Agreement, the term of the SAR shall commence on the first Vest Date and shall terminate, unless sooner terminated by the terms of the Plan or this Terms of Award Agreement, at:
- (i) The close of the Company's business on the day preceding the tenth anniversary of the Effective Date, if the Company is open for business on such day; or
  - (ii) The close of the Company's business on the next preceding day that the Company is open for business.
- (b) The SAR is exercisable in installments, each installment to become exercisable as of the Vest Date in accordance with the terms of the Plan and this Terms of Award Agreement. Once an installment is vested, it may be exercised in whole or in part only during the Term of the SAR.

## ARTICLE III

### METHOD OF SAR EXERCISE

In order to exercise this SAR, Grantee must comply with procedures adopted by the Company from time to time. Under current procedures, the Grantee must exercise the SAR through the Company's designated broker.

In addition, if the Grantee has been notified that he or she must consult with a member of the Company's Law and Regulatory Affairs Unit prior to engaging in transactions in Aetna stock, Grantee must consult with Law prior to exercising the SAR.

Upon exercise of the SAR, payment (net of federal, state, local, social security and medicare taxes, if applicable) shall be paid in Common Stock. The resulting shares of Common Stock will be deposited in a brokerage account established in Grantee's name at the designated broker.

## ARTICLE IV

### CAPITAL CHANGES

In the event that the Committee shall determine that any Fundamental Corporate Event affects the Common Stock such that an adjustment is required to preserve, or to prevent enlargement of, the benefits or potential benefits made available under this SAR or the Plan, then the Committee may, in such manner as the Committee may deem equitable, adjust the (i) the number and kind of shares subject to the SAR or (ii) the SAR Grant Price. Additionally, the Committee may make provision for a cash payment to a Grantee or the Successor of the Grantee to the extent permitted under Section 409A. However, the number of Shares of Stock subject to the SAR shall always be a whole number.

## ARTICLE V

### CHANGE IN CONTROL

Upon the occurrence of (i) a Change in Control, and (ii) within 24 months thereafter, the Company terminates Grantee's Employment without cause, all SARs, whether or not vested, shall become immediately vested and become payable in accordance with the terms of this Agreement.

## ARTICLE VI

### TERMINATION OF SAR

- (a) Except as provided in (d) below, if the Grantee shall die or begin to receive Long Term Disability benefits after the Effective Date, the SAR shall become vested and immediately exercisable and the Grantee or Successor of the Grantee may exercise the SAR until the earlier of:
- (i) The expiration of the Term of the SAR; or
  - (ii) A period not to exceed five years following such death or commencement of Long Term Disability benefits.
- (b) Except as provided in (e) below, if Grantee shall, for reason of Retirement, cease to be employed by the Company, its Subsidiaries or Affiliates after the Effective Date, the Grantee will become immediately vested and may immediately exercise any SAR that would have otherwise become vested within one year from the Grantee's termination of employment, and the Grantee or Successor of the Grantee may exercise a vested SAR until the earlier of:
- (i) The expiration of the Term of the SAR; or
  - (ii) A period not to exceed five years following such cessation of employment.
- (c) Except as provided in (d) and (e) below, if the Grantee shall, for a reason other than death, Long Term Disability or Retirement, cease to be employed by the Company, its Subsidiaries or Affiliates during the Term of the SAR, the Grantee may exercise a vested SAR until the earlier of:
- (i) The expiration of the term of the SAR; or
  - (ii) A period not to exceed ninety days following such cessation of employment.
- (d) Except as provided in (a) or (b) above, any SAR, or portion of a SAR that has not become vested and exercisable at the time of cessation of employment shall terminate immediately upon such cessation of employment and may not be exercised thereafter. Provided, however, if Grantee's employment is terminated by the Company other than for cause and Grantee has not previously, or does not subsequently, vest to any portion of the SAR in accordance with its terms, then upon the forfeiture of the entire SAR, the Company shall pay Grantee an amount equal to the SAR value on a single share of Common Stock, whether or not the forfeited SAR related to more than a single share of Common Stock, calculated as of the date of termination of employment under the same

method as the Company calculates its SAR expense charge for purposes of its financial statement reporting, if requested by Grantee, within 30 days of such cessation of employment.

- (e) No SAR may vest or be exercised after the Company has terminated the employment of the Grantee for cause, except that the Committee may, in its sole discretion, permit the exercise of a vested SAR for a period of up to ninety days in cases where the Committee shall determine such exercise period is warranted under the particular circumstances. In addition, the Company may terminate the SAR if Grantee has willfully engaged in gross misconduct or other serious impropriety which the Company determines is likely to be damaging or detrimental to the Company, any Subsidiary or Affiliate.
- (f) Employment for purposes of determining the vesting rights of the Grantee and expiration date of the grant under this Article VI shall mean continuous full-time salaried employment with the Company, a Subsidiary or an Affiliate, except that the period during which the Grantee is on vacation, sick leave, or other pre-approved leave of absence (provided there is no actual termination of employment), or in receipt of salary continuation or severance pay shall not interrupt the continuous employment of the Grantee. Employment shall also include service with Aetna Foundation, Inc.
- (g) Except as otherwise herein provided, exercise of the SAR, whether by the Grantee or the Successor of the Grantee, shall be subject to all terms and conditions of this Agreement.

## **ARTICLE VII OTHER TERMS**

- (a) Grantee understands that the Grantee shall not have any rights as stockholder by virtue of the grant of an SAR but only with respect to shares of Common Stock actually issued to the Grantee in accordance with the terms hereof.
- (b) Anything herein to the contrary notwithstanding, the Company may postpone the exercise of the SAR or any portion thereof for such time as the Committee in its discretion may deem necessary, in order to permit the Company with reasonable diligence (i) to effect or maintain registration under the Securities Act of 1933, as amended, of the Plan or the shares of Common Stock issuable upon the exercise of the SAR or (ii) to determine that the Plan and such shares are exempt from registration; and the Company shall not be obligated by virtue of this Agreement or any provision of the Plan to recognize the exercise of the SAR or to sell or issue shares of Common Stock in violation of said Act or of the law of any government having jurisdiction thereof. Any such postponement shall not extend the Term of the SAR; and neither the Company nor its Board shall have any obligation or liability to the Grantee, or to the Grantee's Successor, with respect to any shares of Common Stock as to which the SAR shall lapse because of such postponement.
- (c) The SAR shall be nontransferable and nonassignable except by will and by the laws of descent and distribution. During the Grantee's lifetime, the SAR may be exercised only by the Grantee.
- (d) The SAR is not an incentive stock option as described in the Internal Revenue Code of 1986, as amended, Section 422A (b).

- (e) This Agreement is subject to the 2010 Stock Incentive Plan heretofore adopted by the Company and approved by its shareholders. The terms and provisions of the Plan (including any subsequent amendments thereto) are hereby incorporated herein by reference. In the event of a conflict between any term or provision contained herein and a term or provision of the Plan, the applicable terms and provisions of the Plan will govern and prevail.
- (f) Anything herein to the contrary notwithstanding, a Grantee whose SAR has been forfeited as a result of termination of employment due to U.S. Military Service and who is later re-employed (in a full-time active status) after discharge within the time period set in 38 U.S.C. Section 4312 will be eligible to have the forfeited SAR reinstated for the original Term pursuant to procedures established by the Company for this purpose.
- (g) Nothing in this Agreement shall interfere with a limit in anyway the right of the Company or any Subsidiary or Affiliate to terminate the Grantee's employment at any time. Neither the execution and delivery of this Agreement nor the granting of the SAR shall constitute or be evidence of any agreement or understanding, express or implied, on the part of the Company or any of its Subsidiaries to employ Grantee for any period.
- (h) This SAR is an unfunded obligation of the Company and nothing in this Agreement shall be construed to create any claim against particular assets or require the Company to segregate or otherwise set aside any assets or create any fund to meet its obligations hereunder.
- (i) The Company shall have the power to withhold, an amount sufficient to satisfy Federal, state and local, social security and medicare withholding tax requirements, if applicable. Any social security calculation or other adjustments discovered after the net share payment will be settled in cash, not in Common Stock.
- (j) The Company may from time to time adopt stock ownership requirements applicable to Grantees who are senior managers of the Company. In connection with and for the purpose of implementing those ownership requirements, the Company may adopt certain restrictions on the ability of a Grantee to sell shares issued under this Agreement when such ownership requirements have not been satisfied. Any such restriction on sale will be communicated generally to affected Grantees and the restriction may be modified by the Company from time to time, at its discretion. Neither the Company nor its Board of Directors shall have any obligation or liability to a Grantee in connections with any such restriction.
- (k) This Agreement is made under and shall be governed by and construed in accordance with the laws of the State of Connecticut, without giving effect to its choice of law provisions.

## ARTICLE VIII

### EMPLOYEE COVENANTS

- (a) As consideration for the grant of the SAR, without prior written consent of the Company:
- (i) Grantee will not (except to the extent required by an order of a court having competent jurisdiction or under subpoena from an appropriate government agency) use or disclose to any third person, whether during or subsequent to Grantee's Employment, any trade secrets, confidential information and proprietary materials, which may include, but are not limited to, the following categories of information and materials: customer lists and identities; provider lists and identities; employee lists and identities; product development and related information; marketing plans and related information; sales plans and related information; premium or other pricing information; operating policies and manuals; research; payment rates; methodologies; procedures; contractual forms; business plans; financial records; computer programs; database; or other financial, commercial, business or technical information related to the Company, any Subsidiary or Affiliate unless such information has been previously disclosed to the public by the Company or has become public knowledge other than by a breach of this Agreement ("Confidential Information"); provided, however, that this limitation shall not apply to any such use or disclosure made while Grantee is employed by the Company, any Subsidiary or Affiliate if such disclosure occurred in connection with the performance of Grantee's job as an employee of the Company, any Subsidiary or Affiliate;
  - (ii) Grantee will not, during and for a period of twelve (12) months following Grantee's termination of employment, directly or indirectly, (x) engage in the ownership (except less than 1% of the outstanding capital stock of any publicly traded company) of or, (y) become an employee of, or (z) act as a consultant or contractor to, any competitor of the Company ("Competitor") in any market in the United States where Company, Affiliate or Subsidiary does business.
    - a. For purposes of this paragraph "Competitor" shall mean any entity, organization, person or corporation that is involved in the same business as Company, Subsidiary or Affiliate, but in the case of (y) and (z), only to the extent such work, consulting or other activity on behalf of other entity, organization, person or corporation
      - i. is materially similar to the duties and/or functions that Grantee performed for the Company, Subsidiary or Affiliate in the last 12 months or involves duties and/or functions for Competitor about which Grantee has Confidential Information in the last 12 months. Notwithstanding
        - 1. with respect to sales functions for the Company, Subsidiary or Affiliate that are regionally based or whose focus is geographically limited, the restriction shall only apply where such work, consulting or other activity on behalf of a Competitor overlaps in whole or in part the same geographic area in which the Grantee worked for Company, Subsidiary or Affiliate in the last 12 months;

2. with respect to corporate staff functions, the restriction shall only apply where Competitor is substantially engaged in the business of health insurance, managed health care, population health management, or related products or services.
- b. Notwithstanding, if Grantee's employment is terminated by the Company, Subsidiary or Affiliate other than for cause, the length of the noncompetition covenant in this paragraph shall not exceed the length of the severance and/or salary continuation benefits paid by the Company, Subsidiary or Affiliate to Grantee.
  - c. Grantee acknowledges and agrees that these restrictions:
    - i. are necessary to protect the Confidential Information and goodwill of the Company, Subsidiary or Affiliate;
    - ii. are appropriately tailored and limited in time and geographic scope to do so; and
    - iii. do not impair or limit the Grantee's ability to earn a living.
- (iii) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly induce or attempt to induce any employee of the Company, and Subsidiary or Affiliate to be employed or perform services elsewhere;
  - (iv) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly, induce or attempt to induce any agent or agency, broker, supplier or health care provider of the Company, any Subsidiary or Affiliate to cease or curtail providing services to the Company, any Subsidiary or Affiliate; and
  - (v) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, directly or indirectly solicit or attempt to solicit the trade of any individual or entity which, at the time of such solicitation, is a customer of the Company, any Subsidiary or Affiliate, or which the Company, any Subsidiary or Affiliate is undertaking reasonable steps to procure as a customer at the time of or immediately preceding termination of Employment; provided, however, that this limitation shall only apply to any product or service which is in competition with a product or service of the Company, any Subsidiary or Affiliate and shall apply only with respect to a customer or prospective customer with whom the Grantee has been directly or indirectly involved
  - (vi) Grantee will not, during and for a period of 24 months following Grantee's termination of Employment, for himself or herself or on behalf of or in cooperation with any other person or entity, consult with or in any manner provide advice to, any individual or entity which is a customer of the Company or any Subsidiary or Affiliate of the Company, provided, however, that this limitation shall apply only to consultation or advice relating to any product or service of the Company, or any Subsidiary or Affiliate, or which is in competition with any product or service of the Company, or any Subsidiary or Affiliate, and shall apply only with respect to a customer or prospective customer with whom the Grantee has been directly or indirectly involved, or about which Grantee has Confidential Information.

In addition:

- (vii) Following the termination of Grantee's Employment, Grantee shall provide assistance to and shall cooperate with the Company, any Subsidiary or Affiliate, upon its reasonable request and without additional compensation, with respect to matters within the scope of Grantee's duties and responsibilities during Employment, provided that any reasonable out-of-pocket expenses Grantee incurs in connection with any assistance Grantee has been requested to provide under this provision for items including, but not limited to, transportation, meals, lodging and telephone, shall be reimbursed by the Company. The Company agrees and acknowledges that it shall, to the maximum extent possible under the then prevailing circumstances, coordinate, or cause a Subsidiary or Affiliate to coordinate, any such request with Grantee's other commitments and responsibilities to minimize the degree to which such request interferes with such commitments and responsibilities; and
- (viii) Grantee shall promptly notify the Company's General Counsel if Grantee is contacted by a regulatory or self-regulatory agency with respect to matters pertaining to the Company or by an attorney or other individual who informs the Grantee that he/she has filed, intends to file, or is considering filing a claim or complaint against the Company.
- (ix) Grantee acknowledges that all original works of authorship that are created by Grantee (solely or jointly with others) within the scope of Grantee's employment and relating in any way to the business or contemplated business, products, activities, research or development of the Company, any Subsidiary or Affiliate, or resulting from any work performed by the Grantee for the Company, any Subsidiary or Affiliate (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) which are protectable by copyright are "works made for hire" as that term is defined in the United States Copyright Act (17 U.S.C., Section 101). To the extent that the foregoing does not apply, the Grantee hereby irrevocably assigns to the Company, and its successors and assigns, for no additional consideration, the Grantee's entire right, title and interest in and to all such works of authorship. Grantee further acknowledges that while employed by the Company, any Subsidiary or Affiliate, Grantee may develop ideas, inventions, discoveries, innovations, procedures, methods, know-how or other works which relate to the Company's current or are reasonably expected to relate to the Company's future business (in each case, regardless of when or where the work product is prepared or whose equipment or other resources is used in preparing the same) that may be patentable or subject to trade secret protection. Grantee agrees that all such works of authorship, ideas, inventions, discoveries, innovations, procedures, methods, know-how and other works shall belong exclusively to the Company and the Grantee hereby assigns all right, title and interest therein to the Company.

To the extent any of the foregoing works may be patentable, Grantee agrees that the Company may file and prosecute any application for patents for such works and that the Grantee will, on request, execute assignments to the Company relating to (and take all such further steps as may be reasonably necessary to perfect the Company's sole and exclusive ownership of) any such application and any patents resulting therefrom.

- (b) If any provision of Article VIII (a) is determined by a court of competent jurisdiction not to be enforceable in the manner set forth herein, the Company and Grantee agree that it is the intention of the parties that such provision should be enforceable to the maximum extent possible under applicable law and that such court shall reform such provision to make it enforceable in accordance with the intent of the parties.
- (c) Grantee acknowledges that a material part of the inducement for the Company to grant the SAR is Grantee's covenants set forth in Article VIII(a) and that the covenants and obligations of Grantee with respect to nondisclosure, nonsolicitation, cooperation and intellectual property rights relate to special, unique and extraordinary matters and that a violation of any of the terms of such covenants and obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, Grantee agrees that, if Grantee shall breach any of those covenants or obligations, Grantee shall not be entitled to exercise the SAR or be entitled to retain any income therefrom and the Company shall be entitled to an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining Grantee from committing any violation of the covenants and obligations contained in Article VIII. The Company also shall be entitled to recover any attorneys' fees, costs, and expenses it incurs in connection with any judicial proceeding arising out of Grantee's breach of this Agreement. The remedies in the preceding sentences are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity as a court or arbitrator shall reasonably determine..
- (d) The Restrictive Covenants set forth in this Article VIII shall supplement and do not supersede the restrictions agreed to by Grantee in any other agreement or contact.
- (e) Employment Dispute Arbitration Program - Mandatory Binding Arbitration of Employment Disputes.
  - (i) Except as otherwise specified in this Agreement, the Grantee and the Company agree that all employment-related legal disputes between them will be submitted to and resolved by binding arbitration, and neither the Grantee nor the Company will file or participate as an individual party or member of a class in a lawsuit in any court against the other with respect to such matters. This shall apply to claims brought on or after the date the Grantee accepts this Agreement, even if the facts and circumstances relating to the claim occurred prior to that date and regardless of whether Grantee or the Company previously filed a complaint/charge with a government agency concerning the claim.

For purposes of Article VIII (e) of this Agreement, "the Company" includes Aetna Inc., its Subsidiaries and Affiliates, their predecessors, successors and assigns, and those acting as representatives or agents of those entities. THE GRANTEE UNDERSTANDS THAT, WITH RESPECT TO CLAIMS SUBJECT TO THE ARBITRATION REQUIREMENT, ARBITRATION REPLACES THE RIGHT OF THE GRANTEE AND THE COMPANY TO SUE OR PARTICIPATE IN A LAWSUIT. THE GRANTEE ALSO UNDERSTANDS THAT IN ARBITRATION, A DISPUTE IS RESOLVED BY AN ARBITRATOR INSTEAD OF A JUDGE OR JURY, AND THE DECISION OF THE ARBITRATOR IS FINAL AND BINDING.

- (ii) THE GRANTEE UNDERSTANDS THAT THE ARBITRATION PROVISIONS OF THIS AGREEMENT AFFECT THE LEGAL RIGHTS OF THE GRANTEE AND THE COMPANY AND ACKNOWLEDGES THAT THE GRANTEE HAS BEEN ADVISED TO, AND HAS BEEN GIVEN THE OPPORTUNITY TO, OBTAIN LEGAL ADVICE BEFORE SIGNING THIS AGREEMENT.
- (iii) Article VIII (e) of this Agreement does not apply to workers' compensation claims, unemployment compensation claims, and claims under the Employee Retirement Income Security Act of 1974 ("ERISA") for employee benefits. A dispute as to whether Article VIII (e) of this Agreement applies must be submitted to the binding arbitration process set forth in this Agreement.
- (iv) The Grantee and/or the Company may seek emergency or temporary injunctive relief from a court (including with respect to claims arising out of Article VIII (a) in accordance with applicable law). However, except as provided in Article VIII (c) of this Agreement, after the court has issued a ruling concerning the emergency or temporary injunctive relief, the Grantee and the Company shall be required to submit the dispute to binding arbitration pursuant to this Agreement.
- (v) Unless otherwise agreed, the arbitration will be administered by the American Arbitration Association (the "AAA") and will be conducted pursuant to the AAA's Employment Arbitration Rules and Mediation Procedures (the "Rules"), as modified in this Agreement, in effect at the time the request for arbitration is filed. The AAA's Rules are available on the AAA's website at [www.adr.org](http://www.adr.org). THE GRANTEE ACKNOWLEDGES THAT THE COMPANY HAS ENCOURAGED THE GRANTEE TO READ THESE RULES PROMPTLY AND CAREFULLY AND THAT THE GRANTEE HAS BEEN AFFORDED SUFFICIENT OPPORTUNITY TO DO SO.
- (vi) If the Company initiates a request for arbitration, the Company will pay all of the administrative fees and costs charged by the AAA, including the arbitrator's compensation and charges for hearing room rentals, etc. If the Grantee initiates a request for arbitration or submits a counterclaim to the Company's request for arbitration, the Grantee shall be required to contribute One Hundred Dollars (\$100.00) to those administrative fees and costs, payable to the AAA at the time the Grantee's request for arbitration or counterclaim is submitted. The Company may increase the contribution amount in the future without amending this Agreement, but not to exceed the maximum permitted under the AAA rules then in effect. In all cases, the Grantee and the Company shall be responsible for payment of any fees assessed by the arbitrator as a result of that party's delay, request for postponement, failure to comply with the arbitrator's rulings and for other similar reasons.
- (vii) The Grantee and the Company may choose to be represented by legal counsel in the arbitration process and shall be responsible for their own legal fees, expenses and costs. However, the arbitrator shall have the same authority as a court to order the Grantee or the Company to pay some or all of the other's legal fees, expenses and costs, in accordance with applicable law.

- (viii) Unless otherwise agreed, there shall be a single arbitrator, selected by the Grantee and the Company from a list of qualified neutrals furnished by the AAA. If the Grantee and the Company cannot agree on an arbitrator, one will be selected by the AAA.
- (ix) Unless otherwise agreed, the arbitration hearing will take place in the city where the Grantee works or last worked for the Company. If the Grantee and the Company disagree as to the proper locale, the AAA will decide.
- (x) The Grantee and the Company shall be entitled to conduct limited pre-hearing discovery. Each may take the deposition of one person and anyone designated by the other as an expert witness. The party taking the deposition shall be responsible for all associated costs, such as the cost of a court reporter and the cost of an original transcript. Each party also has the right to submit one set of ten written questions (including subparts) to the other party, which must be answered under oath, and to request and obtain all documents on which the other party relies in support of its answers to the written questions. Additional discovery may be permitted by the arbitrator upon a showing that it is necessary for that party to have a fair opportunity to present a claim or defense.
- (xi) The arbitrator shall apply the same substantive law that would apply if the matter were heard by a court and shall have the authority to order the same remedies (but no others) as would be available in a court proceeding. The time limits for requesting arbitration or submitting a counterclaim and the administrative prerequisites for filing an arbitration claim or counterclaim are the same as they would be in a court proceeding. The arbitrator shall consider and decide any dispositive motions (motions seeking a decision on some or all of the claims or counterclaims without an arbitration hearing) filed by any party.
- (xii) All proceedings, including the arbitration hearing and decision, are private and confidential, unless otherwise required by law. Arbitration decisions may not be published or publicized without the consent of both the Grantee and the Company.
- (xiii) Unless otherwise agreed, the arbitrator's decision will be in writing with a brief summary of the arbitrator's opinion.
- (xiv) The arbitrator's decision is final and binding on the Grantee and the Company. After the arbitrator's decision is issued, the Grantee or the Company may obtain an order of judgment from a court and may obtain a court order enforcing the decision. The arbitrator's decision may be appealed to the courts only under the limited circumstances provided by law.
- (xv) If the Grantee previously signed an agreement, including but not limited to an employment agreement, containing arbitration provisions, those provisions are superseded by the arbitration provisions of this Agreement.
- (xvi) If any provision of Article VIII (e) is found to be void or otherwise unenforceable, in whole or in part, this shall not affect the validity of the remainder of Article VIII (e) and the remainder of the Agreement. All other provisions shall remain in full force and effect.

- (f) Except as provided in connection with mandatory binding arbitration of employment disputes, Grantee hereby submits to the exclusive jurisdiction of the courts of the State of Connecticut and the United States District Court for the District of Connecticut with respect to any action relating to this Agreement, and agrees that (i) the sole and exclusive appropriate venue for any suit or proceeding relating to this Agreement shall be in such court, and (ii) hereby waives any and all objections and defenses based on forum, venue or personal or subject matter jurisdiction as they may relate to a suit or proceeding brought before such court in accordance with the Agreement.

For purposes of this Article VIII, the term "Employment" shall refer to active employment with the Company, any Subsidiary or Affiliate, and shall not include salary continuation or severance periods.

I have read the Stock Appreciation Right Agreement. I accept the Stock Appreciation Right award and agree to be bound by all of its terms and conditions including mandatory binding arbitration of employment related disputes and, if applicable, any other provisions of Article VIII.

**Exhibit 12.1**

**Computation of Ratios**

The computation of the ratio of earnings to fixed charges for the three months ended March 31, 2015 and the years ended December 31, 2014, 2013, 2012, 2011 and 2010 are as follows:

(Millions)	Three Months Ended		Years Ended December 31,				
		March 31, 2015	2014	2013	2012	2011	2010
Income from continuing operations before income taxes	\$	1,365.6	\$ 3,496.6	\$ 2,936.9	\$ 2,545.4	\$ 3,077.8	\$ 2,644.2
Add back fixed charges		93.7	391.4	393.2	318.6	293.6	307.7
Income as adjusted ("earnings")	\$	1,459.3	\$ 3,888.0	\$ 3,330.1	\$ 2,864.0	\$ 3,371.4	\$ 2,951.9
Fixed charges:							
Interest expense	\$	79.0	\$ 329.3	\$ 333.7	\$ 268.8	\$ 246.9	\$ 254.6
Portion of rents representative of interest factor		14.7	62.1	59.5	49.8	46.7	53.1
Total fixed charges	\$	93.7	\$ 391.4	\$ 393.2	\$ 318.6	\$ 293.6	\$ 307.7
Ratio of earnings to fixed charges		15.57	9.93	8.47	8.99	11.48	9.59

**Exhibit 15.1**

Aetna Inc.  
Hartford, Connecticut

Re: Registration Statement Nos. 333-52120, 52122, 52124, 73052, 87722, 87726, 124619, 124620, 136176, 136177, 168497, 168498, 176009, 176011, 188792, 188814, 190272, 197707 and 200647

With respect to the subject registration statements, we acknowledge our awareness of the use therein of our report dated April 28, 2015 related to our review of interim financial information.

Pursuant to Rule 436 under the Securities Act of 1933 (the Act), such report is not considered part of a registration statement prepared or certified by an independent registered public accounting firm, or a report prepared or certified by an independent registered public accounting firm within the meaning of Sections 7 and 11 of the Act.

/s/ KPMG LLP

Hartford, Connecticut  
April 28, 2015

**Certification**

I, Mark T. Bertolini, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aetna Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2015

/s/ Mark T. Bertolini

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Mark T. Bertolini

Chairman and Chief Executive Officer

**Certification**

I, Shawn M. Guertin, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Aetna Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 28, 2015

/s/ Shawn M. Guertin

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Shawn M. Guertin

Executive Vice President and Chief Financial Officer

**Certification**

The certification set forth below is being submitted to the Securities and Exchange Commission in connection with the Quarterly Report on Form 10-Q of Aetna Inc. for the period ended March 31, 2015 (the "Report") solely for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Mark T. Bertolini, Chairman and Chief Executive Officer of Aetna Inc., certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Aetna Inc.

Date: April 28, 2015

/s/ Mark T. Bertolini

Mark T. Bertolini

Chairman and Chief Executive Officer

**Certification**

The certification set forth below is being submitted to the Securities and Exchange Commission in connection with the Quarterly Report on Form 10-Q of Aetna Inc. for the period ended March 31, 2015 (the "Report") solely for the purpose of complying with Rule 13a-14(b) of the Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Shawn M. Guertin, Executive Vice President and Chief Financial Officer of Aetna Inc., certifies that, to the best of his knowledge:

1. the Report fully complies with the requirements of Section 13(a) of the Exchange Act; and
2. the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of Aetna Inc.

Date: April 28, 2015

/s/ Shawn M. Guertin

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Shawn M. Guertin

Executive Vice President and Chief Financial Officer

