

Fourth Quarter 2011

Financial Supplement

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This document is supplemental to our fourth quarter 2011 earnings press release issued on February 1, 2012 and should be read in conjunction therewith and in conjunction with our 2011 Annual Report of Form 10-K when filed with the U.S. Securities and Exchange Commission. Please direct questions with respect to this material to Tom Cowhey, Head of Investor Relations at 860-273-2402 or CowheyT@aetna.com.

Financial Highlights

(Millions, except per common share data)	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	Change	2011	2010	Change
Operating Earnings ⁽¹⁾						
Business Segments:						
Health Care	\$ 361.8	\$ 280.4	29.0 %	\$ 1,955.7	\$ 1,650.1	18.5 %
Group Insurance	27.8	20.5	35.6 %	153.0	128.0	19.5 %
Large Case Pensions	4.3	6.4	(32.8) %	20.7	27.8	(25.5) %
Total - Business Segments	393.9	307.3	28.2 %	2,129.4	1,805.9	17.9 %
Corporate Financing ⁽²⁾	(39.6)	(52.3)	24.3 %	(163.7)	(250.5)	34.7 %
Aetna Inc.	\$ 354.3	\$ 255.0	38.9 %	\$ 1,965.7	\$ 1,555.4	26.4 %
Aetna Inc. per common share	\$.97	\$.63	54.0 %	\$ 5.17	\$ 3.68	40.5 %
Net Income						
Aetna Inc.	\$ 372.6	\$ 215.6	72.8 %	\$ 1,985.7	\$ 1,766.8	12.4 %
Aetna Inc. per common share	\$ 1.02	\$.53	92.5 %	\$ 5.22	\$ 4.18	24.9 %
Weighted average common shares - diluted	365.8	403.3	(9.3) %	380.2	422.9	(10.1) %
Operating Margin						
Pretax operating margin ⁽¹⁾	7.9 %	5.5 %	2.4 pts.	10.2 %	8.0 %	2.2 pts.
After-tax net income margin (GAAP Measure)	4.3 %	2.5 %	1.8 pts.	5.9 %	5.2 %	.7 pts.
Revenue by Segment ⁽¹⁾						
Health Care	\$ 7,951.4	\$ 7,871.1	1.0 %	\$ 31,132.1	\$ 31,442.7	(1.0) %
Group Insurance	488.3	502.6	(2.8) %	1,981.2	2,051.2	(3.4) %
Large Case Pensions	104.4	138.4	(24.6) %	498.6	524.6	(5.0) %
Revenue, Excluding Net Realized Capital Gains	\$ 8,544.1	\$ 8,512.1	.4 %	\$ 33,611.9	\$ 34,018.5	(1.2) %
Operating Expense Ratio ⁽¹⁾	21.5 %	21.2 %	.3 pts.	19.8 %	19.3 %	.5 pts.
Business Segment Operating Expense Ratio ⁽¹⁾	21.4 %	21.0 %	.4 pts.	19.8 %	18.9 %	.9 pts.

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Health Care and Group Insurance Statistics

(Millions)	Three Months Ended December 31,			Year Ended December 31,		
	2011	2010	Change	2011	2010	Change
Health Care						
Premiums						
Commercial	\$ 5,144.6	\$ 5,199.7	(1.1) %	\$ 20,263.9	\$ 20,632.2	(1.8) %
Medicare	1,384.5	1,387.4	(2) %	5,485.0	5,896.1	(7.0) %
Medicaid	399.4	304.3	31.3 %	1,440.3	1,082.3	33.1 %
Health Care	\$ 6,928.5	\$ 6,891.4	.5 %	\$ 27,189.2	\$ 27,610.6	(1.5) %
Health Care Costs						
Commercial	\$ 4,063.4	\$ 4,194.6	(3.1) %	\$ 15,787.9	\$ 16,624.4	(5.0) %
Medicare	1,174.6	1,264.3	(7.1) %	4,608.0	5,148.3	(10.5) %
Medicaid	355.2	261.8	35.7 %	1,257.6	946.9	32.8 %
Health Care	\$ 5,593.2	\$ 5,720.7	(2.2) %	\$ 21,653.5	\$ 22,719.6	(4.7) %
Medical Benefit Ratios ("MBR")						
Commercial	79.0 %	80.7 %	(1.7) pts.	77.9 %	80.6 %	(2.7) pts.
Medicare	84.8 %	91.1 %	(6.3) pts.	84.0 %	87.3 %	(3.3) pts.
Medicaid	88.9 %	86.0 %	2.9 pts.	87.3 %	87.5 %	(2) pts.
Health Care	80.7 %	83.0 %	(2.3) pts.	79.6 %	82.3 %	(2.7) pts.
Group Insurance						
Benefit ratio	85.9 %	98.4 %	(12.5) pts.	87.5 %	92.0 %	(4.5) pts.
Operating Expense Ratio, Health Care - Insured Funding ⁽¹⁾	13.2 %	13.6 %	(.4) pts.	12.4 %	12.2 %	.2 pts.
	December 31,	September 30,	June 30,	March 31,	December 31,	
	2011	2011	2011	2011	2010	
Days Claims Payable	44.0	43.2	43.6	44.9	42.3	

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Health Care Membership

(Thousands)	December 31, 2011			September 30, 2011			December 31, 2010		
	Insured	ASC	Total	Insured	ASC	Total	Insured	ASC	Total
<u>Products</u>									
Medical:									
Commercial	4,758	11,868	16,626	4,757	11,804	16,561	5,015	11,809	16,824
Medicare	398	-	398	396	-	396	435	-	435
Medicaid	436	836	1,272	426	835	1,261	381	818	1,199
Medicare Supplement	163	-	163	12	-	12	10	-	10
Total Medical	5,755	12,704	18,459	5,591	12,639	18,230	5,841	12,627	18,468
Consumer-Directed Health Plans ⁽³⁾			2,387			2,399			2,184
Dental:									
Commercial	4,724	7,347	12,071	4,729	7,366	12,095	4,944	7,193	12,137
Medicare & Medicaid	194	458	652	187	466	653	177	462	639
Network Access ⁽⁴⁾	-	947	947	-	899	899	-	971	971
Total Dental	4,918	8,752	13,670	4,916	8,731	13,647	5,121	8,626	13,747
Pharmacy Benefit Management Services:									
Commercial			8,177			8,162			8,555
Medicare PDP (stand-alone)			427			429			608
Medicare Advantage PDP			189			188			227
Medicaid			27			27			27
Total Pharmacy Benefit Management Services			8,820			8,806			9,417
<u>Regions</u>									
Northeast	1,847	2,628	4,475	1,805	2,619	4,424	1,839	2,709	4,548
Southeast	1,119	2,854	3,973	1,079	2,843	3,922	1,125	2,902	4,027
Mid-America	1,322	4,230	5,552	1,247	4,223	5,470	1,306	4,522	5,828
West	1,190	2,263	3,453	1,187	2,262	3,449	1,286	2,356	3,642
Other	277	729	1,006	273	692	965	285	138	423
Total Medical	5,755	12,704	18,459	5,591	12,639	18,230	5,841	12,627	18,468
Percent of Total	31.2%	68.8%	100.0%	30.7%	69.3%	100.0%	31.6%	68.4%	100.0%

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Statements of Net Income (Loss) by Segment

(Millions)	Health Care	Group Insurance	Large Case Pensions	Total Business Segments	Corporate Financing ⁽²⁾	Consolidated
Three Months Ended December 31, 2011						
Revenue:						
Premiums	\$ 6,928.5	\$ 402.9	\$ 36.0	\$ 7,367.4	\$ -	\$ 7,367.4
Fees and other revenue	946.3	24.2	2.9	973.4	-	973.4
Net investment income	76.6	61.2	65.5	203.3	-	203.3
Total revenue, excluding net realized capital gains (losses) ⁽¹⁾	7,951.4	488.3	104.4	8,544.1	-	8,544.1
Benefits and expenses:						
Health care costs	5,593.2	-	-	5,593.2	-	5,593.2
Current and future benefits	-	346.0	96.6	442.6	-	442.6
Operating expenses:						
Selling expenses	255.4	22.4	-	277.8	-	277.8
General and administrative expenses	1,471.1	79.3	3.5	1,553.9	1.2	1,555.1
Total operating expenses	1,726.5	101.7	3.5	1,831.7	1.2	1,832.9
Interest expense	-	-	-	-	59.6	59.6
Amortization of other acquired intangible assets	36.0	1.1	-	37.1	-	37.1
Total benefits and expenses	7,355.7	448.8	100.1	7,904.6	60.8	7,965.4
Operating earnings (loss) before income taxes (benefits)	595.7	39.5	4.3	639.5	(60.8)	578.7
Income taxes (benefits)	233.9	11.7	-	245.6	(21.2)	224.4
Operating earnings (loss) ⁽¹⁾	361.8	27.8	4.3	393.9	(39.6)	354.3
Net realized capital gains (losses), net of tax	12.9	8.5	(3.1)	18.3	-	18.3
Net income (loss)	\$ 374.7	\$ 36.3	\$ 1.2	\$ 412.2	\$ (39.6)	\$ 372.6
Three Months Ended December 31, 2010						
Revenue:						
Premiums	\$ 6,891.4	\$ 404.6	\$ 33.4	\$ 7,329.4	\$ -	\$ 7,329.4
Fees and other revenue	874.4	26.0	3.1	903.5	-	903.5
Net investment income	105.3	72.0	101.9	279.2	-	279.2
Total revenue, excluding net realized capital gains (losses) ⁽¹⁾	7,871.1	502.6	138.4	8,512.1	-	8,512.1
Benefits and expenses:						
Health care costs	5,720.7	-	-	5,720.7	-	5,720.7
Current and future benefits	-	398.3	126.5	524.8	-	524.8
Operating expenses:						
Selling expenses	281.6	16.2	-	297.8	-	297.8
General and administrative expenses, excluding other items ^{(1) (5) (6) (7)}	1,421.1	67.3	3.8	1,492.2	11.3	1,503.5
Total operating expenses	1,702.7	83.5	3.8	1,790.0	11.3	1,801.3
Interest expense	-	-	-	-	69.1	69.1
Amortization of other acquired intangible assets	21.4	1.8	-	23.2	-	23.2
Total benefits and expenses	7,444.8	483.6	130.3	8,058.7	80.4	8,139.1
Operating earnings (loss) before income taxes (benefits)	426.3	19.0	8.1	453.4	(80.4)	373.0
Income taxes (benefits)	145.9	(1.5)	1.7	146.1	(28.1)	118.0
Operating earnings (loss) ⁽¹⁾	280.4	20.5	6.4	307.3	(52.3)	255.0
Transaction-related costs, net of tax ⁽⁵⁾	(43.1)	-	-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾	16.4	-	-	16.4	-	16.4
Severance and facilities charge, net of tax ⁽⁷⁾	(30.8)	-	-	(30.8)	-	(30.8)
Net realized capital gains (losses), net of tax	21.8	4.4	(8.1)	18.1	-	18.1
Net income (loss)	\$ 244.7	\$ 24.9	\$ (1.7)	\$ 267.9	\$ (52.3)	\$ 215.6

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Statements of Net Income (Loss) by Segment

(Millions)	Health Care	Group Insurance	Large Case Pensions	Total Business Segments	Corporate Financing ⁽²⁾	Consolidated
Year Ended December 31, 2011						
Revenue:						
Premiums	\$ 27,189.2	\$ 1,614.8	\$ 161.0	\$ 28,965.0	\$ -	\$ 28,965.0
Fees and other revenue	3,604.7	100.4	11.0	3,716.1	-	3,716.1
Net investment income	338.2	266.0	326.6	930.8	-	930.8
Total revenue, excluding net realized capital gains ⁽¹⁾	31,132.1	1,981.2	498.6	33,611.9	-	33,611.9
Benefits and expenses:						
Health care costs	21,653.5	-	-	21,653.5	-	21,653.5
Current and future benefits	-	1,413.4	463.1	1,876.5	-	1,876.5
Operating expenses:						
Selling expenses	1,027.6	77.2	-	1,104.8	-	1,104.8
General and administrative expenses, excluding an other item ⁽¹⁾⁽⁸⁾	5,267.8	275.6	14.3	5,557.7	4.9	5,562.6
Total operating expenses	6,295.4	352.8	14.3	6,662.5	4.9	6,667.4
Interest expense	-	-	-	-	246.9	246.9
Amortization of other acquired intangible assets	115.7	5.0	-	120.7	-	120.7
Total benefits and expenses	28,064.6	1,771.2	477.4	30,313.2	251.8	30,565.0
Operating earnings (loss) before income taxes (benefits)	3,067.5	210.0	21.2	3,298.7	(251.8)	3,046.9
Income taxes (benefits)	1,111.8	57.0	.5	1,169.3	(88.1)	1,081.2
Operating earnings (loss) ⁽¹⁾	1,955.7	153.0	20.7	2,129.4	(163.7)	1,965.7
Voluntary early retirement program, net of tax ⁽⁸⁾	(89.1)	-	-	(89.1)	-	(89.1)
Net realized capital gains, net of tax	79.2	28.8	1.1	109.1	-	109.1
Net income (loss)	\$ 1,945.8	\$ 181.8	\$ 21.8	\$ 2,149.4	\$ (163.7)	\$ 1,985.7
Year Ended December 31, 2010						
Revenue:						
Premiums	\$ 27,610.6	\$ 1,671.1	\$ 151.0	\$ 29,432.7	\$ -	\$ 29,432.7
Fees and other revenue	3,413.3	105.0	11.2	3,529.5	-	3,529.5
Net investment income	418.8	275.1	362.4	1,056.3	-	1,056.3
Total revenue, excluding net realized capital gains ⁽¹⁾	31,442.7	2,051.2	524.6	34,018.5	-	34,018.5
Benefits and expenses:						
Health care costs	22,719.6	-	-	22,719.6	-	22,719.6
Current and future benefits	-	1,536.6	476.8	2,013.4	-	2,013.4
Operating expenses:						
Selling expenses	1,148.4	78.2	-	1,226.6	-	1,226.6
General and administrative expenses, excluding other items ⁽¹⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾	4,927.5	264.3	12.6	5,204.4	130.7	5,335.1
Total operating expenses	6,075.9	342.5	12.6	6,431.0	130.7	6,561.7
Interest expense	-	-	-	-	254.6	254.6
Amortization of other acquired intangible assets	88.3	6.9	-	95.2	-	95.2
Total benefits and expenses	28,883.8	1,886.0	489.4	31,259.2	385.3	31,644.5
Operating earnings (loss) before income taxes (benefits)	2,558.9	165.2	35.2	2,759.3	(385.3)	2,374.0
Income taxes (benefits)	908.8	37.2	7.4	953.4	(134.8)	818.6
Operating earnings (loss) ⁽¹⁾	1,650.1	128.0	27.8	1,805.9	(250.5)	1,555.4
Transaction-related costs, net of tax ⁽⁵⁾	(43.1)	-	-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾	101.5	-	-	101.5	-	101.5
Severance and facilities charge, net of tax ⁽⁷⁾	(30.8)	-	-	(30.8)	-	(30.8)
Net realized capital gains, net of tax	131.0	51.6	1.2	183.8	-	183.8
Net income (loss)	\$ 1,808.7	\$ 179.6	\$ 29.0	\$ 2,017.3	\$ (250.5)	\$ 1,766.8

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Balance Sheets

(Millions)	December 31, 2011			December 31, 2010		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Assets						
Current assets:						
Cash and cash equivalents	\$ 571.6	\$ 108.1	\$ 679.7	\$ 1,762.4	\$ 105.2	\$ 1,867.6
Investments	1,816.6	395.2	2,211.8	1,713.7	456.0	2,169.7
Premiums receivable, net	761.4	-	761.4	661.9	-	661.9
Other receivables, net	649.6	51.9	701.5	652.9	39.7	692.6
Accrued investment income	136.7	59.1	195.8	140.6	62.8	203.4
Collateral received under securities loan agreements	-	-	-	160.9	49.7	210.6
Income taxes receivable	152.4	9.5	161.9	214.1	(4.0)	210.1
Deferred income taxes	328.0	57.5	385.5	265.3	61.7	327.0
Other current assets	762.3	28.4	790.7	647.2	4.1	651.3
Total current assets	5,178.6	709.7	5,888.3	6,219.0	775.2	6,994.2
Long-term investments	12,533.9	5,549.3	18,083.2	11,885.9	5,660.4	17,546.3
Reinsurance recoverables	912.8	8.9	921.7	950.1	10.0	960.1
Goodwill	6,203.9	-	6,203.9	5,146.4	-	5,146.4
Other acquired intangible assets, net	958.6	-	958.6	495.5	-	495.5
Property and equipment, net	539.9	17.0	556.9	509.6	19.7	529.3
Deferred income taxes	-	-	-	(28.1)	58.0	29.9
Other long-term assets	760.6	-	760.6	742.4	-	742.4
Separate Accounts assets	-	5,218.2	5,218.2	-	5,295.3	5,295.3
Total assets	\$ 27,088.3	\$ 11,503.1	\$ 38,591.4	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4
Liabilities and shareholders' equity						
Current liabilities:						
Health care costs payable	\$ 2,675.5	\$ -	\$ 2,675.5	\$ 2,630.9	\$ -	\$ 2,630.9
Future policy benefits	109.4	558.6	668.0	146.0	582.4	728.4
Unpaid claims	580.4	.8	581.2	592.7	.6	593.3
Unearned premiums	366.6	3.1	369.7	314.3	4.4	318.7
Policyholders' funds	1,219.4	62.2	1,281.6	867.1	51.0	918.1
Collateral payable under securities loan agreements	-	-	-	161.0	49.8	210.8
Short-term debt	425.9	-	425.9	-	-	-
Current portion of long-term debt	-	-	-	899.9	-	899.9
Accrued expenses and other current liabilities	2,441.7	73.8	2,515.5	2,328.0	108.8	2,436.8
Total current liabilities	7,818.9	698.5	8,517.4	7,939.9	797.0	8,736.9
Future policy benefits	1,730.7	4,362.1	6,092.8	1,710.7	4,565.7	6,276.4
Unpaid claims	1,505.8	-	1,505.8	1,514.3	-	1,514.3
Policyholders' funds	568.2	783.4	1,351.6	589.1	727.5	1,316.6
Long-term debt, less current portion	3,977.7	-	3,977.7	3,482.6	-	3,482.6
Deferred income taxes	203.2	3.9	207.1	-	-	-
Other long-term liabilities	1,374.0	226.6	1,600.6	1,075.4	151.1	1,226.5
Separate Accounts liabilities	-	5,218.2	5,218.2	-	5,295.3	5,295.3
Total liabilities	17,178.5	11,292.7	28,471.2	16,312.0	11,536.6	27,848.6
Shareholders' equity	9,909.8	210.4	10,120.2	9,608.8	282.0	9,890.8
Total liabilities and shareholders' equity	\$ 27,088.3	\$ 11,503.1	\$ 38,591.4	\$ 25,920.8	\$ 11,818.6	\$ 37,739.4

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Condensed Statements of Cash Flows

(Millions)	Three Months Ended					
	December 31, 2011			December 31, 2010		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Cash flows from operating activities:						
Net income (loss)	\$ 371.4	\$ 1.2	\$ 372.6	\$ 217.3	\$ (1.7)	\$ 215.6
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:						
Net realized capital (gains) losses	(33.1)	4.9	(28.2)	(40.3)	12.5	(27.8)
Depreciation and amortization	120.8	-	120.8	131.1	-	131.1
Equity in earnings of affiliates, net	13.2	15.0	28.2	.8	(24.3)	(23.5)
Stock-based compensation expense	33.7	-	33.7	24.5	-	24.5
Amortization (accretion) of net investment premium (discount)	3.1	(.1)	3.0	(7.1)	(1.8)	(8.9)
Changes in assets and liabilities:						
Accrued investment income	(3.0)	2.7	(.3)	2.6	1.4	4.0
Premiums due and other receivables	175.3	(.5)	174.8	59.8	(.4)	59.4
Income taxes	(9.9)	7.0	(2.9)	(80.3)	57.1	(23.2)
Other assets and other liabilities	134.7	3.3	138.0	258.8	20.6	279.4
Health care and insurance liabilities	(273.2)	(66.0)	(339.2)	.8	(60.9)	(60.1)
Other, net	(3.0)	(3.5)	(6.5)	.7	(5.7)	(5.0)
Net cash provided by (used for) operating activities	530.0	(36.0)	494.0	568.7	(3.2)	565.5
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	1,877.3	464.3	2,341.6	2,392.8	777.5	3,170.3
Cost of investments purchased	(2,519.5)	(377.8)	(2,897.3)	(1,968.7)	(749.8)	(2,718.5)
Additions to property, equipment and software	(144.8)	-	(144.8)	(71.6)	-	(71.6)
Cash used for acquisition, net of cash acquired	(425.5)	-	(425.5)	-	-	-
Net cash (used for) provided by investing activities	(1,212.5)	86.5	(1,126.0)	352.5	27.7	380.2
Cash flows from financing activities:						
Net repayment of short-term debt	(24.0)	-	(24.0)	(235.4)	-	(235.4)
Deposits and interest credited for investment contracts	-	1.8	1.8	-	3.5	3.5
Withdrawals of investment contracts	-	(2.3)	(2.3)	-	(1.4)	(1.4)
Common shares issued under benefit plans	7.6	-	7.6	31.1	-	31.1
Stock-based compensation tax benefits	6.8	-	6.8	18.3	-	18.3
Common shares repurchased	(585.4)	-	(585.4)	(673.6)	-	(673.6)
Dividends paid to shareholders	(54.3)	-	(54.3)	(16.1)	-	(16.1)
Intersegment dividend	100.0	(100.0)	-	-	-	-
Collateral on interest rate swaps	3.7	-	3.7	-	-	-
Other, net	.1	(.1)	-	(2.5)	2.5	-
Net cash (used for) provided by financing activities	(545.5)	(100.6)	(646.1)	(878.2)	4.6	(873.6)
Net (decrease) increase in cash and cash equivalents	(1,228.0)	(50.1)	(1,278.1)	43.0	29.1	72.1
Cash and cash equivalents, beginning of period	1,799.6	158.2	1,957.8	1,719.4	76.1	1,795.5
Cash and cash equivalents, end of period	\$ 571.6	\$ 108.1	\$ 679.7	\$ 1,762.4	\$ 105.2	\$ 1,867.6

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Condensed Statements of Cash Flows

(Millions)	Year Ended					
	December 31, 2011			December 31, 2010		
	Health Care and Group Insurance	Large Case Pensions	Consolidated	Health Care and Group Insurance	Large Case Pensions	Consolidated
Cash flows from operating activities:						
Net income	\$ 1,963.9	\$ 21.8	\$ 1,985.7	\$ 1,737.8	\$ 29.0	\$ 1,766.8
Adjustments to reconcile net income to net cash provided by (used for) operating activities:						
Net realized capital (gains) losses	(166.3)	(1.6)	(167.9)	(228.7)	1.2	(227.5)
Depreciation and amortization	447.2	-	447.2	444.4	-	444.4
Equity in earnings of affiliates, net	18.2	(16.8)	1.4	13.5	(46.6)	(33.1)
Stock-based compensation expense	141.4	-	141.4	110.4	-	110.4
Amortization (accretion) of net investment premium (discount)	7.5	(5.6)	1.9	(18.7)	(10.2)	(28.9)
Changes in assets and liabilities:						
Accrued investment income	3.0	3.7	6.7	6.2	(.4)	5.8
Premiums due and other receivables	15.6	.8	16.4	(40.3)	1.7	(38.6)
Income taxes	146.5	8.4	154.9	119.3	63.5	182.8
Other assets and other liabilities ⁽⁹⁾	34.0	(12.5)	21.5	(288.4)	(20.9)	(309.3)
Health care and insurance liabilities	132.4	(235.4)	(103.0)	(215.2)	(243.4)	(458.6)
Other, net	3.5	(1.9)	1.6	4.6	(6.7)	(2.1)
Net cash provided by (used for) operating activities	2,746.9	(239.1)	2,507.8	1,644.9	(232.8)	1,412.1
Cash flows from investing activities:						
Proceeds from sales and maturities of investments	7,898.3	2,147.3	10,045.6	9,570.9	2,395.8	11,966.7
Cost of investments purchased	(8,192.9)	(1,805.2)	(9,998.1)	(8,852.3)	(2,191.1)	(11,043.4)
Additions to property, equipment and software	(372.0)	-	(372.0)	(288.7)	-	(288.7)
Cash used for acquisitions, net of cash acquired	(1,555.7)	-	(1,555.7)	(.1)	-	(.1)
Net cash (used for) provided by investing activities	(2,222.3)	342.1	(1,880.2)	429.8	204.7	634.5
Cash flows from financing activities:						
Net repayment of long-term debt	(900.0)	-	(900.0)	-	-	-
Net issuance of long-term debt	480.1	-	480.1	697.8	-	697.8
Net issuance (repayment) of short-term debt	425.9	-	425.9	(480.8)	-	(480.8)
Deposits and interest credited for investment contracts	-	5.6	5.6	-	8.0	8.0
Withdrawals of investment contracts	-	(8.9)	(8.9)	-	(9.5)	(9.5)
Common shares issued under benefit plans	125.5	-	125.5	43.2	-	43.2
Stock-based compensation tax benefits	38.5	-	38.5	22.5	-	22.5
Common shares repurchased	(1,813.0)	-	(1,813.0)	(1,606.0)	-	(1,606.0)
Dividends paid to shareholders	(167.2)	-	(167.2)	(16.1)	-	(16.1)
Intersegment dividend	100.0	(100.0)	-	43.8	(43.8)	-
Collateral on interest rate swaps	(2.0)	-	(2.0)	(41.7)	-	(41.7)
Other, net	(3.2)	3.2	-	(5.3)	5.3	-
Net cash used for financing activities	(1,715.4)	(100.1)	(1,815.5)	(1,342.6)	(40.0)	(1,382.6)
Net (decrease) increase in cash and cash equivalents	(1,190.8)	2.9	(1,187.9)	732.1	(68.1)	664.0
Cash and cash equivalents, beginning of period	1,762.4	105.2	1,867.6	1,030.3	173.3	1,203.6
Cash and cash equivalents, end of period	\$ 571.6	\$ 108.1	\$ 679.7	\$ 1,762.4	\$ 105.2	\$ 1,867.6

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Investment Portfolio
At December 31, 2011

(Millions)	Supporting Non-Experience-Rated Products				Supporting Experience-Rated and Discontinued Products in Large Case Pensions		Total Portfolio	
	Health Care and Group Insurance	Large Case Pensions	Total	Percent	Total	Percent	Total	Percent
Debt and equity securities:								
Debt securities:								
U.S. government securities	\$ 1,288.2	\$ 77.0	\$ 1,365.2	8.7%	\$ 194.1	3.6%	\$ 1,559.3	7.4%
States, municipalities and political subdivisions	2,663.7	6.7	2,670.4	17.1%	189.7	3.5%	2,860.1	13.6%
U.S. corporate securities	4,754.2	211.4	4,965.6	31.9%	2,208.5	41.0%	7,174.1	34.2%
Foreign securities	1,888.1	93.6	1,981.7	12.7%	873.4	16.2%	2,855.1	13.6%
Residential mortgage-backed securities	765.5	87.1	852.6	5.5%	48.2	.9%	900.8	4.3%
Commercial mortgage-backed securities	951.8	108.6	1,060.4	6.8%	327.4	6.1%	1,387.8	6.6%
Other asset-backed securities	327.5	42.4	369.9	2.4%	83.9	1.6%	453.8	2.2%
Redeemable preferred securities	73.9	10.0	83.9	.5%	78.4	1.4%	162.3	.8%
Total debt securities	12,712.9	636.8	13,349.7	85.6%	4,003.6	74.3%	17,353.3	82.7%
Equity securities	5.9	-	5.9	-	31.6	.6%	37.5	.2%
Total debt and equity securities	12,718.8	636.8	13,355.6	85.6%	4,035.2	74.9%	17,390.8	82.9%
Mortgage loans	1,002.6	10.5	1,013.1	6.5%	635.4	11.8%	1,648.5	7.9%
Other investments:								
Real estate	136.8	.4	137.2	.9%	68.2	1.2%	205.4	1.0%
Hedge funds	184.6	-	184.6	1.2%	283.8	5.3%	468.4	2.2%
Private equity	120.3	4.2	124.5	.8%	268.4	5.0%	392.9	1.9%
Other	187.4	1.6	189.0	1.2%	-	-	189.0	.9%
Total other investments	629.1	6.2	635.3	4.1%	620.4	11.5%	1,255.7	6.0%
Total investments	14,350.5	653.5	15,004.0	96.2%	5,291.0	98.2%	20,295.0	96.8%
Cash and cash equivalents	571.6	13.7	585.3	3.8%	94.4	1.8%	679.7	3.2%
Total investments, cash and cash equivalents	\$ 14,922.1	\$ 667.2	\$ 15,589.3		\$ 5,385.4		\$ 20,974.7	
Average credit quality	A+	A	A+		A		A	
Average duration (years) ⁽¹⁰⁾	4.9	4.7	4.9		7.0		5.4	

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Roll Forward of Health Care Costs Payable

(Millions)	Year Ended December 31,	
	2011	2010
Health care costs payable at beginning of period	\$ 2,630.9	\$ 2,895.3
Less: reinsurance recoverables	1.7	1.9
Health care costs payable at beginning of period, net	2,629.2	2,893.4
Acquisition of businesses	89.4	-
Incurred health care costs:		
Current year	22,047.9	23,045.6
Prior years *	(394.4)	(326.0)
Total incurred health care costs	21,653.5	22,719.6
Paid health care costs:		
Current year	19,642.9	20,588.5
Prior years	2,057.0	2,395.3
Total paid health care costs	21,699.9	22,983.8
Health care costs payable at end of period, net	2,672.2	2,629.2
Plus: reinsurance recoverables	3.3	1.7
Health care costs payable at end of period	\$ 2,675.5	\$ 2,630.9
Health care costs payable:		
Incurred but not reported claims	\$ 2,420.4	\$ 2,355.3
Other claims	255.1	275.6
Total health care costs payable	\$ 2,675.5	\$ 2,630.9

* Negative amounts reported for incurred health care costs related to prior years result from claims being settled for less than originally estimated.

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure

(Millions)	Year Ended December 31,	
	2011	2010
Operating earnings, excluding interest expense	(A) \$ 2,126.2	\$ 1,720.9
Less: interest expense, net of tax	160.5	165.5
Operating earnings ⁽¹⁾	(B) \$ 1,965.7	\$ 1,555.4
Net Income (GAAP Measure)	(C) \$ 1,985.7	\$ 1,766.8
Shareholders' equity (GAAP Measure)	\$ 10,120.2	\$ 9,890.8
Less: Accumulated other comprehensive loss	(1,189.2)	(1,162.6)
Adjusted shareholders' equity	\$ 11,309.4	\$ 11,053.4
Short-term debt	\$ 425.9	\$ -
Current portion of long-term debt	-	899.9
Long-term debt, less current portion	3,977.7	3,482.6
Total debt	\$ 4,403.6	\$ 4,382.5
Average debt	(D) \$ 4,393.1	
Average shareholders' equity	(E) 10,005.5	
Average adjusted shareholders' equity	(F) 11,181.4	
Return on capital ⁽¹⁾	(A)/(D+F)	13.7%
Return on capital (GAAP measure)	(C)/(D+E)	13.8%
Return on equity ⁽¹⁾	(B)/(F)	17.6%
Return on equity (GAAP measure)	(C)/(E)	19.8%

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure

	Three Months Ended		Year Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
(Millions, except per common share data)				
Summary of Results				
Operating earnings, excluding prior-period development ⁽¹¹⁾			\$ 1,833.4	\$ 1,479.4
Favorable development of prior-period health care cost estimates, net of tax			132.3	76.0
Operating earnings	\$ 354.3	\$ 255.0	1,965.7	1,555.4
Voluntary early retirement program, net of tax ⁽⁸⁾	-	-	(89.1)	-
Transaction-related costs, net of tax ⁽⁵⁾	-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾	-	16.4	-	101.5
Severance and facilities charge, net of tax ⁽⁷⁾	-	(30.8)	-	(30.8)
Net realized capital gains, net of tax	18.3	18.1	109.1	183.8
Net income (GAAP measure)	\$ 372.6	\$ 215.6	\$ 1,985.7	\$ 1,766.8
Weighted average common shares - diluted	365.8	403.3	380.2	422.9
Summary of Results Per Common Share				
Operating earnings, excluding prior-period development ⁽¹¹⁾			\$ 4.82	\$ 3.50
Favorable development of prior-period health care cost estimates, net of tax			.35	.18
Operating earnings	\$.97	\$.63	5.17	3.68
Voluntary early retirement program, net of tax ⁽⁸⁾	-	-	(.24)	-
Transaction-related costs, net of tax ⁽⁵⁾	-	(.11)	-	(.10)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾	-	.04	-	.24
Severance and facilities charge, net of tax ⁽⁷⁾	-	(.07)	-	(.07)
Net realized capital gains, net of tax	.05	.04	.29	.43
Net income (GAAP measure)	\$ 1.02	\$.53	\$ 5.22	\$ 4.18
Health Care and Group Insurance Operating Cash Flows as a Percentage of Operating Earnings				
Net cash provided by operating activities: Health Care, Group Insurance and Corporate Financing			(A) \$ 2,746.9	\$ 1,644.9
Pension contribution ⁽⁹⁾			39.0	328.3
Net cash provided by operating activities: Health Care, Group Insurance and Corporate Financing, excluding the pension contribution			(B) \$ 2,785.9	\$ 1,973.2
Operating earnings: Health Care, Group Insurance and Corporate Financing			(C) \$ 1,945.0	\$ 1,527.6
Voluntary early retirement program, net of tax ⁽⁸⁾			(89.1)	-
Transaction-related costs, net of tax ⁽⁵⁾			-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾			-	101.5
Severance and facilities charge, net of tax ⁽⁷⁾			-	(30.8)
Net realized capital gains, net of tax			108.0	182.6
Net income: Health Care, Group Insurance and Corporate Financing			(D) \$ 1,963.9	\$ 1,737.8
Operating cash flow excluding the pension contribution as a percentage of operating earnings			(B)/(C) 143.2%	129.2%
Operating cash flow as a percentage of operating earnings			(A)/(C) 141.2%	107.7%
Operating cash flow as a percentage of net income			(A)/(D) 139.9%	94.7%

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (continued)

(Millions)	Three Months Ended		Year Ended		
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	
Health Care					
Reconciliation of Revenue					
Revenue, excluding net realized capital gains (Insured funding)	(Refer to reconciliation on page 13) (Y) \$	7,001.8	\$ 6,990.1	\$ 27,508.2	\$ 28,004.4
Revenue, excluding net realized capital gains (ASC funding)		949.6	881.0	3,623.9	3,438.3
Revenue, excluding net realized capital gains		7,951.4	7,871.1	31,132.1	31,442.7
Net realized capital gains		19.9	33.5	121.9	161.3
Total revenue (GAAP measure)		\$ 7,971.3	\$ 7,904.6	\$ 31,254.0	\$ 31,604.0
Commercial Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽¹¹⁾					
Premiums	(A) \$	5,144.6	\$ 5,199.7	\$ 20,263.9	\$ 20,632.2
Health care costs (GAAP measure)	(B) \$	4,063.4	\$ 4,194.6	\$ 15,787.9	\$ 16,624.4
Favorable development of prior-period health care cost estimates		86.3	87.3	171.2	60.2
Health care costs, excluding prior-period development ⁽¹¹⁾	(C) \$	4,149.7	\$ 4,281.9	\$ 15,959.1	\$ 16,684.6
Commercial MBR (GAAP measure)	(B)/(A)	79.0%	80.7%	77.9%	80.6%
Commercial MBR, excluding prior-period reserve development ⁽¹¹⁾	(C)/(A)	80.7%	82.3%	78.8%	80.9%
Medicare Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽¹¹⁾					
Premiums	(D) \$	1,384.5	\$ 1,387.4	\$ 5,485.0	\$ 5,896.1
Health care costs (GAAP measure)	(E) \$	1,174.6	\$ 1,264.3	\$ 4,608.0	\$ 5,148.3
Favorable (unfavorable) development of prior-period health care cost estimates		7.4	-	29.0	40.2
Health care costs, excluding prior-period development ⁽¹¹⁾	(F) \$	1,182.0	\$ 1,264.3	\$ 4,637.0	\$ 5,188.5
Medicare MBR (GAAP measure)	(E)/(D)	84.8%	91.1%	84.0%	87.3%
Medicare MBR, excluding prior-period reserve development ⁽¹¹⁾	(F)/(D)	85.4%	91.1%	84.5%	88.0%
Medicaid Medical Benefit Ratio, Excluding Prior-Period Reserve Development ⁽¹¹⁾					
Premiums	(G) \$	399.4	\$ 304.3	\$ 1,440.3	\$ 1,082.3
Health care costs (GAAP measure)	(H) \$	355.2	\$ 261.8	\$ 1,257.6	\$ 946.9
Favorable development of prior-period health care cost estimates		4.3	16.3	7.2	17.4
Health care costs, excluding prior-period development ⁽¹¹⁾	(I) \$	359.5	\$ 278.1	\$ 1,264.8	\$ 964.3
Medicaid MBR (GAAP measure)	(H)/(G)	88.9%	86.0%	87.3%	87.5%
Medicaid MBR, excluding prior-period reserve development ⁽¹¹⁾	(I)/(G)	90.0%	91.4%	87.8%	89.1%

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (continued)

(Millions)	Three Months Ended		Year Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Group Insurance				
Reconciliation of Revenue				
Revenue, excluding net realized capital gains	\$ 488.3	\$ 502.6	\$ 1,981.2	\$ 2,051.2
Net realized capital gains	13.2	6.8	44.4	67.4
Total revenue (GAAP measure)	\$ 501.5	\$ 509.4	\$ 2,025.6	\$ 2,118.6

Large Case Pensions

Reconciliation of Revenue

Revenue, excluding net realized capital (losses) gains	\$ 104.4	\$ 138.4	\$ 498.6	\$ 524.6
Net realized capital (losses) gains	(4.9)	(12.5)	1.6	(1.2)
Total revenue (GAAP measure)	\$ 99.5	\$ 125.9	\$ 500.2	\$ 523.4

Total Company

Reconciliation of Revenue

Revenue, excluding net realized capital gains	(A) \$ 8,544.1	\$ 8,512.1	\$ 33,611.9	\$ 34,018.5
Net realized capital gains	28.2	27.8	167.9	227.5
Total revenue (GAAP measure)	(B) \$ 8,572.3	\$ 8,539.9	\$ 33,779.8	\$ 34,246.0

Reconciliation of Operating Expenses

Operating expenses, Health Care - Insured funding	(C) \$ 924.6	\$ 951.9	\$ 3,403.0	\$ 3,412.7
Operating expenses, Health Care - ASC funding, Group Insurance and Large Case Pensions	907.1	838.1	3,259.5	3,018.3
Business segment operating expenses	(D) 1,831.7	1,790.0	6,662.5	6,431.0
Corporate Financing segment operating expenses	1.2	11.3	4.9	130.7
Operating expenses, including Corporate Financing	(E) 1,832.9	1,801.3	6,667.4	6,561.7
Voluntary early retirement program ⁽⁸⁾	-	-	137.0	-
Transaction-related costs, net of tax ⁽⁵⁾	-	66.2	-	66.2
Litigation-related insurance proceeds ⁽⁶⁾	-	(25.3)	-	(156.3)
Severance and facilities charge, net of tax ⁽⁷⁾	-	47.4	-	47.4
Total operating expenses (GAAP measure)	(F) \$ 1,832.9	\$ 1,889.6	\$ 6,804.4	\$ 6,519.0

Operating Expense Ratios:

Operating expense ratio, Health Care - Insured funding ⁽¹⁾	(C)/(Page 12-Y)	13.2 %	13.6 %	12.4 %	12.2 %
Business segment operating expense ratio ⁽¹⁾	(D)/(A)	21.4 %	21.0 %	19.8 %	18.9 %
Operating expense ratio ⁽¹⁾	(E)/(A)	21.5 %	21.2 %	19.8 %	19.3 %
Total operating expense ratio (GAAP measure)	(F)/(B)	21.4 %	22.1 %	20.1 %	19.0 %

Refer to page 15 for an explanation of footnotes and definitions of terms used.

Reconciliations of Certain Reported Amounts to the Most Directly Comparable GAAP Measure (continued)

(Millions)	Three Months Ended		Year Ended		
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010	
Reconciliation to Income Before Income Taxes					
Operating earnings excluding prior-period reserve development ⁽¹¹⁾ before income taxes, excluding interest expense, and amortization of other acquired intangible assets	(A)		\$ 3,207.1	\$ 2,606.0	
Favorable development of prior-period health care cost estimates			207.4	117.8	
Operating earnings before income taxes, excluding interest expense and amortization of other acquired intangible assets	(B)	\$ 675.4	\$ 465.3	3,414.5	2,723.8
Interest expense		(59.6)	(69.1)	(246.9)	(254.6)
Amortization of other acquired intangible assets		(37.1)	(23.2)	(120.7)	(95.2)
Voluntary early retirement program ⁽⁸⁾		-	-	(137.0)	-
Transaction-related costs ⁽⁵⁾		-	(66.2)	-	(66.2)
Litigation-related insurance proceeds ⁽⁶⁾		-	25.3	-	156.3
Severance and facilities charge ⁽⁷⁾		-	(47.4)	-	(47.4)
Net realized capital gains		28.2	27.8	167.9	227.5
Income before income taxes (GAAP measure)		\$ 606.9	\$ 312.5	\$ 3,077.8	\$ 2,644.2
Reconciliation to Net Income					
Operating earnings excluding prior-period reserve development ⁽¹¹⁾ , excluding interest expense, and amortization of other acquired intangible assets, net of tax			\$ 2,072.4	\$ 1,706.8	
Favorable development of prior-period health care cost estimates, net of tax			132.3	76.0	
Operating earnings, excluding interest expense and amortization of other acquired intangible assets		\$ 417.3	\$ 315.0	2,204.7	1,782.8
Interest expense, net of tax		(38.8)	(44.9)	(160.5)	(165.5)
Amortization of other acquired intangible assets, net of tax		(24.2)	(15.1)	(78.5)	(61.9)
Voluntary early retirement program, net of tax ⁽⁸⁾		-	-	(89.1)	-
Transaction-related costs, net of tax ⁽⁵⁾		-	(43.1)	-	(43.1)
Litigation-related insurance proceeds, net of tax ⁽⁶⁾		-	16.4	-	101.5
Severance and facilities charge, net of tax ⁽⁷⁾		-	(30.8)	-	(30.8)
Net realized capital gains, net of tax		18.3	18.1	109.1	183.8
Net income (GAAP measure)	(C)	\$ 372.6	\$ 215.6	\$ 1,985.7	\$ 1,766.8
Reconciliation of Revenue					
Revenue, excluding net realized capital gains	(D)	\$ 8,544.1	\$ 8,512.1	\$ 33,611.9	\$ 34,018.5
Net realized capital gains		28.2	27.8	167.9	227.5
Total revenue (GAAP measure)	(E)	\$ 8,572.3	\$ 8,539.9	\$ 33,779.8	\$ 34,246.0
Operating Margin					
Pretax operating margin, excluding prior-period development ⁽¹¹⁾	(A)/(D)			9.5 %	7.7 %
Pretax operating margin ⁽¹⁾	(B)/(D)	7.9 %	5.5 %	10.2 %	8.0 %
After-tax net income margin (GAAP measure)	(C)/(E)	4.3 %	2.5 %	5.9 %	5.2 %

Footnotes

- ⁽¹⁾ In order to provide a comparison that we believe provides useful information regarding our underlying performance, from period to period, all operating earnings, operating earnings per share, return on capital, return on equity and operating expense metrics exclude from net income net realized capital gains and losses and other items, if any. See notes (5) - (8) listed below for an explanation of our other items during 2011 and 2010. In addition, operating margins exclude interest expense and amortization of other acquired intangible assets. Also, revenue excludes net realized capital gains and losses and general and administrative expenses exclude other items. The net income component of return on capital also excludes interest expense on our outstanding debt. The average shareholders' equity and average capital components of return on capital and return on equity exclude accumulated other comprehensive income. The average capital component of return on capital also includes our average outstanding debt. Management uses these measures to assess business performance and to make decisions regarding Aetna's operations and allocation of resources among Aetna's businesses. For a reconciliation to financial measures calculated under U.S. generally accepted accounting principles ("GAAP"), refer to pages 10 - 14.
- ⁽²⁾ The Corporate Financing segment includes interest expense on our outstanding debt and the financing components of our pension and other postretirement benefit plan expenses (herein referred to as "pension expense"). We continue to allocate the operating component of our pension expense (i.e., the service cost and prior service cost) to our business segments. The following table depicts the components of our pension expense for the three months and year ended December 31, 2011 and 2010.

(Millions)	Three Months Ended		Year Ended	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
Pretax - Pension Expense				
Operating component (allocated to business segments) ⁽¹²⁾	\$ (9)	\$ 17.7	\$ (3.9)	\$ 48.8
Financing component (allocated to Corporate Financing segment)	1.2	11.3	4.9	130.7
Total pension expense - pretax	\$.3	\$ 29.0	\$ 1.0	\$ 179.5
After tax - Pension Expense				
Operating component (allocated to business segments) ⁽¹²⁾	\$ (.6)	\$ 11.5	\$ (2.6)	\$ 31.7
Financing component (allocated to Corporate Financing segment)	.8	7.4	3.2	85.0
Total pension expense - after tax	\$.2	\$ 18.9	\$.6	\$ 116.7

- ⁽³⁾ Represents members in consumer-directed health plans included in Aetna's Commercial medical membership.
- ⁽⁴⁾ Represents members in products that allow these members access to Aetna's dental provider network for a nominal fee.
- ⁽⁵⁾ In the fourth quarter of 2010, we recorded transaction-related costs of \$43.1 million (\$66.2 million pretax). These costs related to our Pharmacy Benefit Management Subcontract Agreement with CVS Caremark Corporation and the announced acquisition of Medicity Inc.
- ⁽⁶⁾ Following a Pennsylvania Supreme Court ruling in June 2009, we recorded litigation-related insurance proceeds of \$16.4 million (\$25.3 million pretax) and \$101.5 million (\$156.3 million pretax) for the three months and year ended December 31, 2010, respectively, from our liability insurers related to certain litigation we settled in 2003.
- ⁽⁷⁾ In the fourth quarter of 2010 we recorded severance and facilities charges of \$30.8 million (\$47.4 million pretax). The 2010 severance and facilities charges related to actions taken in 2010 or committed to be taken in 2011.
- ⁽⁸⁾ In July 2011, we announced a voluntary early retirement program. In connection with the voluntary early retirement program, we recorded a one-time charge of \$89.1 million (\$137.0 million pretax) during the third quarter of 2011.
- ⁽⁹⁾ Includes voluntary pension plan contributions of approximately \$60 million and \$505 million pretax for 2011 and 2010, respectively.
- ⁽¹⁰⁾ Represents the average duration of our debt securities, mortgage loans and cash and cash equivalents at December 31, 2011, excluding equity and equity-like investments that have no duration.
- ⁽¹¹⁾ Operating earnings, excluding prior-period development; operating earnings per share, excluding prior-period development; health care costs, excluding prior-period development; medical benefit ratios, excluding prior-period development; and pre tax operating margins, excluding prior-period development; each exclude the items identified in note (1) above, if applicable, and any significant development of prior-period health care cost estimates.
- ⁽¹²⁾ During 2010, we announced that pension eligible employees would no longer earn future pension service credits in our tax-qualified defined benefit pension plan effective December 31, 2010. As a result of this announcement, we recognized a curtailment gain of \$11.9 million (\$7.7 million after tax) during 2010, and we expect our future pension expense to be lower than it was during 2010.

Definitions

Administrative Services Contracts ("ASC") include all medical and dental products offered on an employer-funded basis. Under employer-funded plans, the plan sponsor assumes all or a majority of health care cost, utilization or other risk.

Benefit Ratios are calculated by dividing benefit costs by premiums. Various product level versions of this metric are provided and are calculated using this base formula. For example, the Total Medical Benefit Ratio is calculated by dividing health care costs by health care premiums.

Commercial includes all medical, dental and other health care products except Medicare, Medicaid and Medicare Supplement.

Days Claims Payable is calculated by dividing the health care costs payable at each quarter end by the health care costs per day in each respective quarter.

Insured includes all medical, dental and other health care products for which we assume all or a majority of health care cost, utilization or other risk.

Operating Earnings exclude net realized capital gains and losses and other items, if any, from net income.

Operating Expense Ratios are calculated by dividing operating expenses, excluding other items, if any, by revenue, excluding net realized capital gains and losses.

Other Items neither relate to the ordinary course of our business nor reflect our underlying business performance.

Pretax Operating Margins are calculated by dividing pretax operating earnings, excluding interest expense and amortization of other acquired intangible asset by revenue, excluding net realized capital gains and losses.

Insured Funding is the portion of our business where we assume all or a majority of the risk for medical and dental costs.

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

Balance Sheet Terms

Future Policy Benefits consist primarily of reserves for limited payment pension and annuity contracts in the Large Case Pension business and long-duration group paid-up life and long-term care insurance contracts in the Group Insurance business.

Health Care Costs Payable consist principally of unpaid fee-for-service claims, capitation costs and other amounts due to health care providers pursuant to insured arrangements.

Policyholders' Funds consist primarily of reserves for pension and annuity investment contracts in the Large Case Pension business and customer funds associated with group life and health contracts in the Health Care and Group Insurance business.

Separate Account assets and liabilities generally represent funds maintained to meet specific objectives of contract holders who bear the investment risk.

Unpaid Claims consist primarily of reserves associated with certain short-duration group disability and term life insurance contracts in the Group Insurance business.