



THE MARKET

Health care in America today is a focal point of enormous economic, social, and political stresses. Americans spent more than \$1.4 trillion on health care in 2001 and enjoy arguably the best health care system in the world; yet, costs are rising at double-digit levels, more than 41 million Americans are uninsured, and recent reports from the Institute of Medicine have questioned the quality and safety of health care in America.

The growing concerns regarding the cost and quality of health care, along with a rising tide of consumerism, are leading to an end to the paternalism and consumer passivity that has characterized the U.S. health care system. In its place, a more consumer-oriented approach is emerging, in which individuals take more control of their health coverage and care decisions.

Aetna is leading the development of innovative consumer-directed products that provide consumers with incentives to be more conscious of their health care spending as they are aided in making more informed decisions. This approach should lead to a more efficient system with better outcomes for patients.

ACHIEVEMENTS

In 2003, Aetna proudly celebrates its 150th anniversary, a milestone that few companies reach. Throughout its history, Aetna has remained a leader by helping people protect against the risks and uncertainties of life, promising to be there when they need it most. Aetna's long-term leadership has required constant change, while holding true to enduring values.

Today, Aetna helps employers, individuals, and families meet their comprehensive health-related benefits needs. Aetna also takes the larger view of a responsible corporate citizen. The company considers part of its mission to be a leader, cooperating with doctors and hospitals, employers, patients, public officials, and others to build a stronger, more effective health care system.

Aetna is taking significant actions to improve the system, including:

- Working to eliminate disparities in health care status that exist for racial and ethnic minority and economically disadvantaged populations with programs to increase access to quality care for members of these populations.
- Proposing health insurance industry guidelines for coverage of genetic testing to promote disease



Aetna HealthFund™

People want a change in health care. They want more control, more choice, and less red tape. At Aetna, we're providing your employees with a new option -- Aetna HealthFund. Aetna HealthFund offers the comprehensive coverage of a traditional

Trusting

health plan, plus an employer-paid health savings account which allows members to choose the services they want. They can see any doctor. Go to any hospital. In or out-of-network. And any unused dollars in

people to make their

the fund can be carried over to provide additional plan coverage the following year. Aetna is the first full-service health insurer to offer a plan like it. New options and innovations for you and your employees. That's the new Aetna.

own decisions.



government support programs, tax credits, and some coverage mandates. In addition, Aetna offers streamlined, cost-efficient plans that make it easier for small businesses to provide coverage for their employees.

Further, Aetna has created a culture of caring, supporting initiatives that improve the quality of life where Aetna's employees and customers work and live. Since 1980, the Aetna Foundation has contributed more than \$250 million in grants, scholarships, and social investments.

Aetna also has an outstanding record on diversity issues and is considered a leading employer, frequently appearing on lists of the top places to work for minorities and women.

HISTORY

Aetna Life Insurance Company was established in 1853, amidst burgeoning industrial development in Hartford, Connecticut. The company entered into the accident-coverage market in 1891, initiating a 30-year transformation from a mono-line to a multi-line insurer. The company entered health in 1899, commercial liability and workers collective in 1902, auto in 1907, fidelity and surety in 1911, group and homeowners in 1913, and inland/ocean marine in 1916.

In the 1980s, Aetna began to reevaluate its lines of businesses and identified unprofitable markets. In 1990, Aetna dropped its individual health lines; in 1991, the company pulled out of the auto market in 22 states and out of homeowners in several

prevention and management, while respecting members' privacy. Aetna believes that a small investment in testing today can prevent or mitigate human suffering, while saving on future health care costs.

- Urging government action to improve access to health coverage for the uninsured, including

**Honoring Our Past...
Embracing Our Future.**

1853

1853
Aetna Life Insurance Company is incorporated in Connecticut. The company's first president is Eliphalet A. Bulkeley.

1861
Aetna begins offering participating life insurance policies, which pay dividends to policyholders.

1867
Aetna issues its first farm mortgage loan.

1891
Aetna issues its first accident policy and thus begins its growth from a single- to a multiple-line insurer.

1899
Aetna enters the field of health insurance.

1906
The San Francisco earthquake decimates the insurance industry; Aetna's exposure was minimal, since it had not yet entered property lines in California.

1911
The company begins its first national advertising campaign using the slogan: "Are you Aetna-ized?"

FIRST! 1912
Aetna introduces the industry's first combination automobile policy.

1926
Aetna appoints its first female officer, Dr. Marion Bills, director of personnel research, who completely revamps the company's personnel policies in two years.

1929
Aetna begins construction on its current home office building at 151 Farmington Avenue, Hartford, Conn.

FIRST! 1930
Aetna becomes the first multiple-line insurer in America to pay \$1 billion in claims.

1948
Employee Charlie Winters dies, ending 74 years, eight months of service, an Aetna record.

1953
Aetna celebrates its centennial.

1954
Aetna orders its first computer, an IBM 650; the company is only the third insurer nationally to use the new "electronic brain" mainframe.

1913
Aetna begins to sell group life insurance.

1919
Aetna begins offering group disability policies.

1922
The company advertises on radio for the first time.

FIRST! 1922
Aetna creates the first insurer-owned rehabilitation clinic for disabled workers.

1931
The company bonds the construction of Hoover Dam; Aetna moves into its current corporate headquarters, which is the largest colonial-style structure in the world.

1936
Aetna offers its first group hospitalization policy.

FIRST! 1944
Aetna becomes the first insurer to advertise on television.

FIRST! 1963
Aetna becomes the first insurer in space by providing in-flight life insurance coverage to the seven Mercury astronauts.

1965
The Aetna Life & Casualty name is used for the first time.

FIRST! 1966
Aetna pays the first Medicare claim in the country.

1899

1944

This timeline will give you just a glimpse of the many innovations and industry-leading activities that formed the foundation of this company. We should all be especially proud of the role we have played -- and continue to play and emphasize -- in the communities in which we work and live.

others, and in 1996, Aetna sold its remaining property-casualty operation to Travelers.

The reversal of Aetna's century-old multi-line philosophy marked the end of an era, but also a promising opportunity to focus and strengthen the business. By 1996, the company had determined that its nucleus would be health care. In an \$8 billion deal that year, Aetna merged with U.S. Healthcare. It acquired the health insurance businesses of New York Life in 1998 and Prudential in 1999. In 2000, Aetna sold its financial services and international businesses to ING, completing its transformation to a company singularly dedicated to health care and health-related group benefits.

THE PRODUCT

Aetna offers a wide range of health benefits choices with a variety of health plans, pharmacy, behavioral health and dental benefits, as well as long-term care policies, disability coverage, and group life insurance.

Aetna members enjoy access to expansive nationwide networks of physicians, hospitals, pharmacies, and other health professionals — more than 552,000 as of December 31, 2002. Broad, national presence enables Aetna to serve large, multi-site corporations as well as small employers.

The ability to meet employers' needs is important, because Aetna's products reach individuals at the workplace as employment benefits. Employers generally subsidize these programs, and in many cases, the employer must make difficult decisions, balancing complex options that result in different plan designs and costs.

Increasingly, many employers are interested in integrated solutions that employ health, pharmacy, and disability data that Aetna is uniquely able to provide. With access to transaction data from millions of members, Aetna analyzes information to help employers design programs that respond to the specific health and financial needs of their employees.

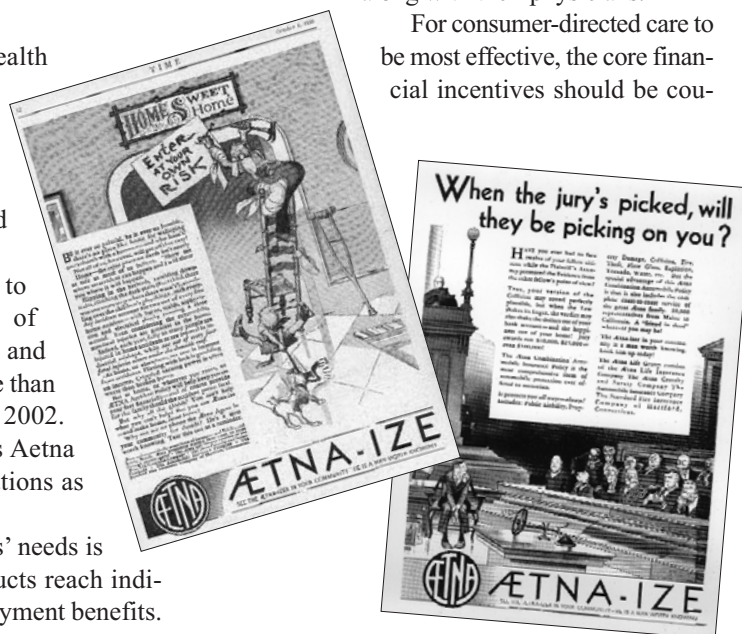
While working closely with employers, Aetna also is becoming more focused on the needs of individual members and their families.

RECENT DEVELOPMENTS

In September 2001, the company introduced Aetna HealthFund™, the first consumer-directed health benefit plan offered by a national health benefits company. Aetna HealthFund is now evolving into a family of products designed to better serve the unique and varied needs of individuals and their families.

Aetna HealthFund gives individuals more control of their health care dollars, while allowing them to become more involved in coverage and care decisions. Members get helpful tools and customized information, delivered in language they can understand, so they can make informed choices, along with their physicians.

For consumer-directed care to be most effective, the core financial incentives should be cou-



pled with approaches that increase the likelihood that members will access cost-effective, high-quality physicians and hospitals and use patient care management programs when needed. Patient care management strategies include disease management programs, lifestyle interventions, information therapy, and hospital care management programs that support effective clinical decision-making.

The success of these programs depends upon good information sharing between the health plan, the physician, and the consumer. Aetna is committed to respect and work effectively with doctors and hospitals by establishing efficient processes and providing prompt claims payments and useful information that helps them provide safe, affordable, high-quality health care.

PROMOTION

Aetna's advertising has reflected both the historic shifts in American society and changes in Aetna's products and services. During the first half of the 20th century, Aetna's advertising helped to establish the need for insurance protection, not only building Aetna's business, but also the category generally.

In the late 1980s, Aetna developed an innovative new campaign with the theme, "A Policy To Do More." The campaign addressed pressing national issues and featured a "straight talk" approach that appealed to both common sense and higher values.

After 1996, when Aetna exited the property-casualty business and became more focused on health care, Aetna's advertising began to focus on how Aetna helps people with information to make the right choices about "What Matters Most" — health care and financial security.

Today, the Aetna name, already well known and highly regarded in the marketplace, remains the same, but Aetna's fresh, new logo embodies a robust vision. It reflects the duality of the Aetna brand: strong and stable, yet human, approachable, and empowering. It is the new face of the new Aetna.

Aetna's advertising reaches consumers, employers, brokers, and consultants with messages that focus on Aetna's innovative approaches to consumer-directed health care, promoting Aetna HealthFund and emphasizing open-access plans and easy-to-understand information that helps customers make more informed choices.

BRAND VALUES

Aetna today is dedicated to helping people achieve health and financial security by providing easy access to safe, cost-effective, high-quality health care and protecting their finances against health-related risks.

To fulfill this mission, Aetna provides employers advice, cost-effective benefits choices, and value-added programs that protect the finances and improve the health status and productivity of their work forces. It also gives individuals affordable coverage choices, helpful service, and information so they get the right care and coverage for themselves and their families.

The Aetna brand stands for easily accessible and relevant information that's customizable to the customer's unique needs and results in better outcomes. More choices, smarter decisions, better results.

Aetna is the brand name for products and services provided by one or more of the Aetna group of subsidiary companies.

THINGS YOU DIDN'T KNOW ABOUT AETNA

- The company was named for a volcano: Mount Etna, on the eastern shores of Sicily. The founders wanted to project an image of strength and longevity — like the mountain, the company and the property it protected would emerge safely from the fire.
- In 1944, Aetna became the first insurer to advertise on television.
- Aetna provided in-flight life insurance coverage to the seven Mercury astronauts in 1963.
- Each year since 1994, Aetna has presented the Voice of Conscience Award to an outstanding individual whose commitment to advancing human rights, opportunity, and dignity exemplifies the legacy of the late Arthur R. Ashe Jr., who served on the Aetna board of directors for over a decade and was the chairman of the Aetna Foundation at the time of his passing.

