AETNA INC /PA/
Form DEF 14A
March 19, 2007

Table of Contents

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

SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE SECURITIES EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant [X]
Filed by a Party other than the Registrant [ ]

Check the appropriate box:

[ ]	Preliminary Proxy Statement
[ ]	Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[X]	Definitive Proxy Statement
[ ]	Definitive Additional Materials
[ ]	Soliciting Material Pursuant to Section 240.14a-11(c) or Section 240.14a-2.

AETNA INC.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required.

[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-12.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.

[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

2007 Aetna Inc.
Notice of Annual Meeting and
Proxy Statement

Table of Contents

Aetna Inc.
151 Farmington Avenue
Hartford, Connecticut 06156

Ronald A. Williams
Chairman, Chief Executive
Officer and President

To Our Shareholders:

Aetna Inc. s 2007 Annual Meeting of Shareholders will be held on Friday, April 27, 2007, at 9:30 a.m. at the Gaylord Texan Resort & Convention Center, 1501 Gaylord Trail, Grapevine, Texas, and we hope you will attend.

This booklet includes the Notice of the Annual Meeting and Aetna s 2007 Proxy Statement. The Proxy Statement provides information about Aetna in addition to describing the business we will conduct at the meeting.

At the meeting, in addition to specific agenda items, we will discuss generally the operations of Aetna. We welcome any questions you have concerning Aetna and will provide time during the meeting for questions from shareholders.

If you are unable to attend the Annual Meeting, it is still important that your shares be represented. Please vote your shares promptly.

Ronald A. Williams
Chairman, Chief Executive Officer
and President
March 19, 2007

Table of Contents

Aetna Inc.
151 Farmington Avenue
Hartford, Connecticut 06156

Christopher M. Todoroff
Vice President and
Corporate Secretary

Notice of Annual Meeting of Shareholders of Aetna Inc.

NOTICE IS HEREBY GIVEN that the Annual Meeting of the Shareholders of Aetna Inc. will be held at the Gaylord Texan Resort & Convention Center, 1501 Gaylord Trail, Grapevine, Texas, on Friday, April 27, 2007, at 9:30 a.m. for the following purposes:

1. To elect the Board of Directors for the coming year;

2. To approve the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2007;

3. To approve an amendment to Aetna s Articles of Incorporation providing for majority voting in uncontested elections of Directors;

4. To consider and act on two shareholder proposals, if properly presented at the meeting; and

5. To transact any other business that may properly come before the Annual Meeting or any adjournment thereof.

The Board of Directors has fixed the close of business on February 23, 2007 as the record date for determination of the shareholders entitled to vote at the Annual Meeting or any adjournment thereof.

The Annual Meeting is open to all shareholders as of the close of business on the February 23, 2007 record date or their authorized representatives. Parking at the Gaylord Texan Resort & Convention Center will be available to all persons to whom the Annual Meeting is open. **The Company will provide validated parking to all shareholders who are admitted to the Annual Meeting. See the reverse side of this page for directions to the Gaylord Texan Resort & Convention Center.**

We ask that you signify your intention to attend the Annual Meeting by checking the appropriate box on your proxy card. In lieu of issuing an admission ticket, your name will be placed on a shareholder attendee list, and you will be asked to register and **present government issued photo identification** (e.g., a driver s license or passport) before being admitted to the Annual Meeting. If you hold your shares through a broker, bank or other holder of record and plan to attend, you must send a written request to attend along with proof that you own the shares (such as a copy of your brokerage or bank account statement for the period including February 23, 2007) to Aetna s Corporate Secretary at 151 Farmington Avenue, RE4K, Hartford, CT 06156. The Annual Meeting will be audiocast live on the Internet at **www.aetna.com/investor.**

It is important that your shares be represented and voted at the Annual Meeting. You can vote your shares by one of the following methods: vote over the Internet or by telephone using the instructions on the enclosed proxy card (if these options are available to you), or mark, sign, date and promptly return the enclosed proxy card in the postage-paid envelope furnished for that purpose. If you attend the Annual Meeting, you may vote in person if you wish, even if you have previously voted.

This Proxy Statement and the Company s 2006 Annual Report, Financial Report to Shareholders and 2006 Annual Report are available on Aetna s Internet site at **www.aetna.com/investor/proxy.htm** and **www.aetna.com/investor/annualrept.htm,** respectively.

By order of the Board of Directors,
Christopher M. Todoroff
Vice President and Corporate Secretary
March 19, 2007

Table of Contents

DIRECTIONS TO GAYLORD TEXAN RESORT AND CONVENTION CENTER

Interstate 635 West from North Dallas	Exit 121 N/Bass Pro Drive (#36B). Keep right at the fork in the ramp. Turn left onto Bass Pro. Turn left on to Hwy 26, go thru next light (Fairway Drive) go approximately .3 mile to the next light, turn right into the hotel entrance on Gaylord Trail.
Interstate 114 toward DFW Airport from Dallas	Take DFW Airport/121 exit right lane toward Coppell, take the Bass Pro exit. Turn left on to Bass Pro. Go straight past Embassy Suites (on your right) at the light go left on Hwy 26 West. Continue through the stop light on Fairway Drive. Turn right at the next light into the hotel entrance on Gaylord Trail.
Interstate 183 toward DFW Airport from Dallas	Just past Airport, take 360 North. 360 merges with 121 North which merges with 114 East (going towards DFW Airport) in Grapevine, take the Business 114 to 26 exit (Freight area), turn left at ramp s stop sign, crossover highway. After crossover, go 1.1 mile to third light, turn right onto Hwy 26 (N.W. Hwy). Approximately .4 mile to light, turn left into the hotel entrance on Gaylord Trail.
Interstate 360 North from Arlington	360 merges with 121 North which merges with 114 East in Grapevine going towards DFW Airport, take the Business 114 to 26 exit (Freight area), (this is the first exit off 114 East), turn left at ramp s stop sign, crossover highway. After crossover, go 1.1 mile to third light, turn right onto Hwy 26 (N.W. Hwy). Approximately .4 mile to light, turn left into the hotel entrance on Gaylord Trail.
Interstate 121 South from Lewisville	Exit Grapevine Mills Blvd., stay straight to get onto 26W. Go through light at Bass Pro. Go thru next light at Fairway Drive, go approximately .3 mile to next light, turn right into the hotel entrance on Gaylord Trail.
Interstate 183 toward DFW Airport from Fort Worth	In Bedford, take 121 North to Grapevine. 121 North merges with 114 East in Grapevine going towards DFW Airport, take the 635 121 North exit, stay on 121, exit Bass Pro, turn left at ramp s stop light onto Bass Pro, crossover highway, continuing straight. Go thru light at Big Buck Drive, next light dead ends into Hwy 26, turn left. Turn right at second light, into the hotel entrance on Gaylord Trail.
Interstate 114 toward DFW Airport from Fort Worth	In Grapevine, take the 635 121 North exit, stay on 121, exit Bass Pro, turn left at ramp s stop light onto Bass Pro, crossover highway, continuing straight. Go thru light at Big Buck Drive, next light dead ends into Hwy 26, turn left. Turn right at second light, into the hotel entrance on Gaylord Trail.
From the Airport	Take the north exit out of the airport towards highways 635/121. Continue north on 121 and take the Bass Pro exit. Turn left onto Bass Pro. Go straight past Embassy Suites *(on your right)* at the light go left on Hwy 26 West. Continue through the stop light on Fairway Drive. Turn right into the hotel entrance on Gaylord Trail.

Table of Contents

Table of Contents

AETNA INC.
151 FARMINGTON AVENUE, HARTFORD, CONNECTICUT 06156
MARCH 19, 2007
PROXY STATEMENT
FOR THE ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON FRIDAY, APRIL 27, 2007
QUESTIONS AND ANSWERS ABOUT THE PROXY MATERIALS AND THE ANNUAL MEETING

Q: WHY AM I RECEIVING THESE MATERIALS?

A: The Board of Directors (the Board) of Aetna Inc. (Aetna) is providing these proxy materials to you in connection with the solicitation by the Board of proxies to be voted at Aetna s Annual Meeting of Shareholders that will take place on April 27, 2007, and any adjournments or postponements of the Annual Meeting. You are invited to attend the Annual Meeting and are requested to vote on the proposals described in this Proxy Statement. These proxy materials and the enclosed proxy card are being mailed to shareholders on or about March 19, 2007.

Q: WHAT INFORMATION IS CONTAINED IN THESE MATERIALS?

A: This Proxy Statement provides you with information about Aetna s governance structure, the nominating process, the proposals to be voted on at the Annual Meeting, the voting process, the compensation of Directors and our most highly paid executive officers, and certain other required information.

Q: WHAT PROPOSALS WILL BE VOTED ON AT THE ANNUAL MEETING?

A: There are five items scheduled to be voted on at the Annual Meeting:

Election of Aetna s Board of Directors for the coming year.

Approval of the appointment of KPMG LLP, independent registered public accounting firm, to audit the consolidated financial statements of Aetna and its subsidiaries (the Company) for the year 2007.

Approval of an amendment to Aetna s Articles of Incorporation providing for majority voting in uncontested elections of Directors.

Consideration of a shareholder proposal relating to cumulative voting in the election of Directors, if properly presented at the Annual Meeting.

Consideration of a shareholder proposal relating to nominating or re-nominating to the Board an individual from the Company s executive retiree ranks, if properly presented at the Annual Meeting.

Q: WHAT ARE AETNA S VOTING RECOMMENDATIONS?

A: The Board recommends that you vote your shares FOR each of Aetna s nominees to the Board, FOR the approval of the appointment of KPMG LLP as the Company s independent registered public accounting firm for 2007, FOR the approval of the amendment of Aetna s Articles of Incorporation to provide for majority voting in uncontested Director elections, and AGAINST each of the shareholder proposals.

Q: WHICH OF MY SHARES CAN I VOTE?

A: You may vote all Aetna Inc. Common Shares, par value $.01 per share (Common Stock), you owned as of the close of business on February 23, 2007, the RECORD DATE. These shares include those (1) held directly in your name as the SHAREHOLDER OF RECORD, including shares purchased through Aetna s DirectSERVICE Investment Program, and (2) held for you as the BENEFICIAL OWNER through a stockbroker, bank or other nominee.

Table of Contents

Q: WHAT IS THE DIFFERENCE BETWEEN HOLDING SHARES AS A SHAREHOLDER OF RECORD AND AS A BENEFICIAL OWNER?

A: Many Aetna shareholders hold their shares through a stockbroker, bank or other nominee rather than directly in their own names. As summarized below, there are some distinctions between shares held of record and those owned beneficially:

SHAREHOLDER OF RECORD If your shares are registered directly in your name with Aetna s transfer agent, Computershare Trust Company, N.A. (the Transfer Agent), you are considered the shareholder of record with respect to those shares, and Aetna is sending these proxy materials directly to you. As the shareholder of record, you have the right to grant your voting proxy to the persons appointed by Aetna or to vote in person at the Annual Meeting. Aetna has enclosed a proxy card for you to use. Any shares held for you under the DirectSERVICE Investment Program are included on the enclosed proxy card.

BENEFICIAL OWNER If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name, and these proxy materials are being forwarded to you by your broker or other nominee who is considered the shareholder of record with respect to those shares. As the beneficial owner, you have the right to direct your broker or other nominee on how to vote your shares and also are invited to attend the Annual Meeting. However, since you are not the shareholder of record, you may not vote these shares in person at the Annual Meeting unless you bring with you to the Annual Meeting a proxy, executed in your favor, from the shareholder of record. Your broker or other nominee is also obligated to provide you with a voting instruction card for you to use to direct them as to how to vote your shares.

Q: HOW CAN I VOTE MY SHARES BEFORE THE ANNUAL MEETING?

A: Whether you hold shares directly as the shareholder of record or beneficially in street name, you may vote before the Annual Meeting by granting a proxy to Barbara Hackman Franklin, Gerald Greenwald and Ellen M. Hancock or, for shares held in street name, by submitting voting instructions to your broker or other nominee. Most shareholders have a choice of voting by using the Internet, by calling a toll-free telephone number or by completing a proxy or voting instruction card and mailing it in the postage-paid envelope provided. Please refer to the summary instructions below, and please follow carefully the instructions included on your proxy card or, for shares held in street name, the voting instruction card provided by your broker or other nominee.

BY MAIL You may vote by mail by signing and dating your proxy card or, for shares held in street name, the voting instruction card provided by your broker or other nominee and mailing it in the enclosed, postage-paid envelope. If you provide specific voting instructions, your shares will be voted as you instruct. **If you sign and date your proxy or voting instruction card, but do not provide instructions, your shares will be voted as described under WHAT IF I RETURN MY PROXY CARD OR VOTING INSTRUCTION CARD BUT DO NOT PROVIDE VOTING INSTRUCTIONS? beginning on page 3.**

BY INTERNET Go to www.investorvote.com and follow the instructions. You will need to have your proxy card (or the e-mail message you receive with instructions on how to vote) in hand when you access the website.

BY TELEPHONE Call toll free on a touchtone telephone 1-800-652-8683 inside the United States, Canada and Puerto Rico or 1-781-575-2300 outside the United States, Canada and Puerto Rico and follow the instructions. You will need to have your proxy card (or the e-mail message you receive with instructions on how to vote) in hand when you call.

The Internet and telephone voting procedures are designed to authenticate shareholders and to allow shareholders to confirm that their instructions have been properly recorded. In order to provide shareholders of record with additional time to vote their shares while still permitting an orderly tabulation of votes, Internet and telephone voting for these shareholders will be available until 11:59 p.m. Eastern time on April 26, 2007.

Table of Contents

Q: HOW CAN I VOTE THE SHARES I HOLD THROUGH THE 401(K) PLAN?

A: Participants in Aetna s 401(k) Plan (the 401(k) Plan) who receive this Proxy Statement in their capacity as participants in the 401(k) Plan will receive voting instruction cards in lieu of proxy cards. The voting instruction card directs the trustee of the 401(k) Plan how to vote the shares. Shares held in the 401(k) Plan may be voted by using the Internet, by calling a toll-free telephone number or by marking, signing and dating the voting instruction card and mailing it in the postage-paid envelope provided. Shares held in the 401(k) Plan for which no directions are received are voted by the trustee of the 401(k) Plan in the same percentage as the shares held in the 401(k) Plan for which directions are received.

Q: HOW CAN I VOTE THE SHARES I HOLD THROUGH THE EMPLOYEE STOCK PURCHASE PLAN?

A: You hold the Aetna Common Stock you acquired through Aetna s Employee Stock Purchase Plan (the ESPP) as the beneficial owner of shares held in street name. You can vote these shares as described on page 2 under HOW CAN I VOTE MY SHARES BEFORE THE ANNUAL MEETING?

Q: CAN I CHANGE MY VOTE?

A: Yes. For shares you hold directly in your name, you may change your vote by (1) signing another proxy card with a later date and delivering it to us before the date of the Annual Meeting (or submitting revised votes over the Internet or by telephone before 11:59 p.m. Eastern time on April 26, 2007), or (2) attending the Annual Meeting in person and voting your shares at the Annual Meeting. The last-dated proxy card will be the only one that counts. Attendance at the Annual Meeting will not cause your previously granted proxy to be revoked unless you specifically so request. For shares you hold beneficially, you may change your vote by submitting new voting instructions to your broker or other nominee in a manner that allows your broker or other nominee sufficient time to vote your shares.

Q: CAN I VOTE AT THE ANNUAL MEETING?

A: Yes. You may vote your shares at the Annual Meeting if you attend in person. You may vote the shares you hold directly in your name by completing a ballot at the Annual Meeting. You may only vote the shares you hold in street name at the Annual Meeting if you bring to the Annual Meeting a proxy, executed in your favor, from the shareholder of record. You may not vote shares you hold through the 401(k) Plan at the Annual Meeting.

Q: HOW CAN I VOTE ON EACH PROPOSAL?

A: In the election of Directors, you may vote FOR all of the nominees or you may WITHHOLD your vote with respect to one or more of the nominees. For all other proposals, you may vote FOR, AGAINST or ABSTAIN. A WITHHOLD vote on the election of Directors will have *no effect* on the outcome of the election, but if more WITHHOLD than FOR votes are cast for a Director nominee, he or she will be required to submit his or her resignation for consideration by the Board of Directors. Please see Director Elections Majority Voting Standard on page 8. A vote to ABSTAIN on the other proposals will not have the effect of a vote AGAINST. If you vote to ABSTAIN, your shares will be counted as present for purposes of determining whether a majority of outstanding shares are present to hold the Annual Meeting.

Q: WHAT IF I RETURN MY PROXY CARD OR VOTING INSTRUCTION CARD BUT DO NOT PROVIDE VOTING INSTRUCTIONS?

A: **If you sign and date your proxy card with no further instructions, your shares will be voted (1) FOR the election of each of Aetna s nominee Directors named on pages 16 through 21 of this Proxy Statement, (2) FOR the approval of KPMG LLP as the Company s independent registered public accounting firm for 2007, (3) FOR the amendment of Aetna s Articles of Incorporation to provide for majority voting in uncontested elections of Directors, and (4) AGAINST each of the shareholder proposals.**

If you sign and date your broker voting instruction card with no further instructions, your shares will be voted as described on your broker voting instruction card.

Table of Contents

If you sign and date your 401(k) Plan voting instruction card with no further instructions, all shares you hold in the 401(k) Plan will be voted by the trustee of the 401(k) Plan in the same percentage as the shares held in the 401(k) Plan for which the trustee receives voting instructions.

Q: WHAT IF I DON T RETURN MY PROXY CARD OR VOTING INSTRUCTION CARD?

A: Shares that you hold directly in your name will not be voted at the Annual Meeting. Shares that you beneficially own that are held in the name of a brokerage firm or other nominee may be voted in certain circumstances even if you do not provide the brokerage firm with voting instructions. Under New York Stock Exchange (NYSE) rules, brokerage firms have the authority to vote shares for which their customers do not provide voting instructions on certain routine matters. The election of Directors and the approval of KPMG LLP as the Company s independent registered public accounting firm for 2007 are considered routine matters for which brokerage firms may vote uninstructed shares. The proposal to amend Aetna s Articles of Incorporation and each of the shareholder proposals to be voted on at the Annual Meeting are not considered routine under the applicable rules, and therefore brokerage firms may not vote unvoted shares on any of those proposals. Any unvoted shares you hold through Aetna s 401(k) Plan will be voted by the trustee of the 401(k) Plan in the same percentage as the shares held in the 401(k) Plan for which instructions are received.

Q: WHAT DOES IT MEAN IF I RECEIVE MORE THAN ONE PROXY OR VOTING INSTRUCTION CARD?

A: It means your shares are registered differently or are in more than one account. Please provide voting instructions for all proxy and voting instruction cards you receive.

Q: WHAT SHOULD I DO IF I WANT TO ATTEND THE ANNUAL MEETING?

A: The Annual Meeting is open to all shareholders as of the close of business on the February 23, 2007 RECORD DATE or their authorized representatives. We ask that you signify your intention to attend by checking the appropriate box on your proxy card. In lieu of issuing an admission ticket, your name will be placed on a shareholder attendee list, and you will be asked to register and present **government issued photo identification** (for example, a driver s license or passport) before being admitted to the Annual Meeting. If your shares are held in street name and you plan to attend, you must send a written request to attend along with proof that you owned the shares as of the close of business on the RECORD DATE (such as a copy of your brokerage or bank account statement for the period including February 23, 2007) to Aetna s Corporate Secretary at 151 Farmington Avenue, RE4K, Hartford, CT 06156.

Q: CAN I LISTEN TO THE ANNUAL MEETING IF I DON T ATTEND IN PERSON?

A: Yes. You can listen to the live audio webcast of the Annual Meeting by logging on to Aetna s Internet website at www.aetna.com/investor and then clicking on the link to the webcast.

Q: WHERE CAN I FIND THE VOTING RESULTS OF THE ANNUAL MEETING?

A: We will publish the voting results of the Annual Meeting in a press release promptly after the votes are finalized and in our Quarterly Report on Form 10-Q for the period ended June 30, 2007.

Q: WHAT CLASS OF SHARES IS ENTITLED TO BE VOTED?

A: Each share of Aetna s Common Stock outstanding as of the close of business on February 23, 2007, the RECORD DATE, is entitled to one vote at the Annual Meeting. At the close of business on February 23, 2007, we had 517,052,372 shares of Common Stock outstanding.

Q: HOW MANY SHARES MUST BE PRESENT TO HOLD THE ANNUAL MEETING?

A: A majority of the shares of Common Stock outstanding as of the close of business on February 23, 2007 must be present in person or by proxy for us to hold the Annual Meeting and transact business. This is referred to as a quorum. Both abstentions and broker nonvotes are counted as present for the purpose of determining the presence of a quorum. Generally, broker nonvotes occur when shares held by a broker for a

Table of Contents

beneficial owner are not voted with respect to a particular proposal because the proposal is not a routine matter, and the broker has not received voting instructions from the beneficial owner of the shares.

Q: WHAT IS THE VOTING REQUIREMENT TO APPROVE EACH OF THE PROPOSALS AND HOW WILL VOTES BE COUNTED?

A: Under Pennsylvania corporation law and Aetna s Articles of Incorporation and By-Laws, the approval of any corporate action taken at the shareholder meeting is based on votes cast. Votes cast means votes actually cast for or against a particular proposal, whether by proxy or in person. Withholds, abstentions and broker nonvotes are not considered votes cast. Directors are elected by a plurality of votes cast. However, as described in more detail on page 8 under Director Elections Majority Voting Standard, Aetna s Corporate Governance Guidelines require any Director nominee who receives more withhold than for votes to submit his or her resignation for consideration by the Nominating and Corporate Governance Committee and the Board. Shareholder approval of each of the other proposals to be considered at the Annual Meeting occurs if the votes cast in favor of the proposal exceed the votes cast against the proposal. If you are a beneficial owner and do not provide the shareholder of record with voting instructions, your shares may constitute broker nonvotes, as described under HOW MANY SHARES MUST BE PRESENT TO HOLD THE ANNUAL MEETING? beginning on page 4.

Q: WHO WILL BEAR THE COST OF SOLICITING VOTES FOR THE ANNUAL MEETING?

A: Aetna will pay the entire cost of preparing, assembling, printing, mailing, and distributing these proxy materials, except that you will pay certain expenses for Internet access if you choose to access these proxy materials over the Internet. In addition to the mailing of these proxy materials, the solicitation of proxies or votes may be made in person, by telephone, or by electronic communication by our Directors, officers and employees, none of whom will receive any additional compensation for such solicitation activities. We also have hired Georgeson Inc. to assist us in the distribution of proxy materials and the solicitation of votes for a fee of $17,500 plus reasonable out-of-pocket expenses for these services. We also will reimburse brokerage houses and other custodians, nominees, and fiduciaries for their reasonable out-of-pocket expenses for forwarding proxy and solicitation materials to beneficial owners of Aetna Common Stock and obtaining their voting instructions.

Q: DOES AETNA OFFER SHAREHOLDERS THE OPTION OF VIEWING ANNUAL REPORTS TO SHAREHOLDERS AND PROXY STATEMENTS VIA THE INTERNET?

A: Yes. Aetna offers shareholders of record the option of viewing future annual reports to shareholders and proxy statements via the Internet instead of receiving paper copies of these documents in the mail. The 2007 Aetna Inc. Notice of Annual Meeting and Proxy Statement and 2006 Aetna Annual Report, Financial Report to Shareholders and 2006 Aetna Annual Report are available on Aetna s Internet website at www.aetna.com/investor/proxy.htm and www.aetna.com/investor/annualrept.htm, respectively. Under Pennsylvania law, Aetna may provide shareholders who give the Company their e-mail addresses with electronic notice of its shareholder meetings as described below.

If you are a shareholder of record, you can choose to receive annual reports to shareholders and proxy statements via the Internet and save Aetna the cost of producing and mailing these documents in the future by following the instructions under HOW DO I ELECT THIS OPTION? on page 6. If you hold your shares through a broker, bank or other holder of record, check the information provided by that entity for instructions on how to elect to view future notices of shareholder meetings, proxy statements and annual reports over the Internet.

If you are a shareholder of record and choose to receive future notices of shareholder meetings by e-mail and view future proxy statements and annual reports over the Internet, you must supply an e-mail address, and you will receive your notice of the meeting by e-mail when those materials are posted. That notice will include instructions and contain the Internet address of those materials.

Table of Contents

Many shareholders who hold their shares through a broker, bank or other holder of record and elect electronic access will receive an e-mail containing the Internet address to access Aetna s notices of shareholder meetings, proxy statements and annual reports when those materials are posted.

Q: HOW DO I ELECT THIS OPTION?

A: If you are a shareholder of record and are interested in receiving future notices of shareholder meetings by e-mail and viewing future annual reports and proxy statements on the Internet, instead of receiving paper copies of these documents, you may elect this option when voting by using the Internet at www.investorvote.com and following the instructions. You will need to have your proxy card in hand when you access the website.

Q: WHAT IF I GET MORE THAN ONE COPY OF AETNA S ANNUAL REPORT?

A: The 2006 Aetna Annual Report, Financial Report to Shareholders is being mailed to shareholders in advance of or together with this Proxy Statement. If you hold Aetna shares in your own name and you received more than one copy of the 2006 Aetna Annual Report, Financial Report to Shareholders at your address and you wish to reduce the number of reports you receive and save Aetna the cost of producing and mailing these reports, you should contact Aetna s Transfer Agent at 1-800-446-2617 to discontinue the mailing of reports on the accounts you select. At least one account at your address must continue to receive an annual report, unless you elect to review future annual reports over the Internet. Mailing of dividend checks, dividend reinvestment statements, proxy materials and special notices will not be affected by your election to discontinue duplicate mailings of annual reports. Registered shareholders may resume the mailing of an annual report to an account by calling Aetna s Transfer Agent at 1-800-446-2617. If you own shares through a broker, bank or other holder of record and received more than one 2006 Aetna Annual Report, Financial Report to Shareholders, please contact the holder of record to eliminate duplicate mailings.

Householding occurs when a single copy of our Annual Report and Proxy Statement is sent to any household at which two or more shareholders reside if they appear to be members of the same family. Although we do not household for registered shareholders, a number of brokerage firms have instituted householding for shares held in street name. This procedure reduces our printing and mailing costs and fees. Shareholders who participate in householding will continue to receive separate proxy cards, and householding will not affect the mailing of account statements or special notices in any way.

Q: WHAT IF A DIRECTOR NOMINEE IS UNWILLING OR UNABLE TO SERVE?

A: If for any unforeseen reason any of Aetna s nominees is not available as a candidate for Director, the persons named as proxy holders on your proxy card may vote your shares for such other candidate or candidates as may be nominated by the Board, or the Board may reduce the number of Directors to be elected.

Q: WHAT HAPPENS IF ADDITIONAL PROPOSALS ARE PRESENTED AT THE MEETING?

A: Other than the election of Directors and the other proposals described in this Proxy Statement, Aetna has not received proper notice of, and is not aware of, any matters to be presented for a vote at the Annual Meeting. If you grant a proxy using the enclosed proxy card, the persons named as proxies on the enclosed proxy card, or any of them, will have discretion to, and intend to, vote your shares according to their best judgment on any additional proposals or other matters properly presented for a vote at the Annual Meeting, including, among other things, consideration of a motion to adjourn the Annual Meeting to another time or place.

Q: MAY I PROPOSE ACTIONS FOR CONSIDERATION AT NEXT YEAR S ANNUAL MEETING OF SHAREHOLDERS OR NOMINATE INDIVIDUALS TO SERVE AS DIRECTORS?

A: Yes. You may submit proposals for consideration at future annual meetings, including Director nominations.

Table of Contents

SHAREHOLDER PROPOSALS: In order for a shareholder proposal to be considered for inclusion in Aetna s proxy statement for next year s Annual Meeting, the written proposal must be RECEIVED by Aetna s Corporate Secretary no later than November 21, 2007. SUCH PROPOSALS MUST BE SENT TO: CORPORATE SECRETARY, AETNA INC., 151 FARMINGTON AVENUE, RE4K, HARTFORD, CT 06156. Such proposals also will need to comply with Securities and Exchange Commission (SEC) regulations regarding the inclusion of shareholder proposals in Aetna sponsored proxy materials.

In order for a shareholder proposal to be raised from the floor during next year s Annual Meeting, the shareholder s written notice must be RECEIVED by Aetna s Corporate Secretary at least 90 calendar days before the date of next year s Annual Meeting and must contain the information required by Aetna s By-Laws. Please note that the 90-day advance notice requirement relates only to matters a shareholder wishes to bring before the Annual Meeting from the floor. It does not apply to proposals that a shareholder wishes to have included in Aetna s proxy statement; that procedure is explained in the paragraph above.

NOMINATION OF DIRECTOR CANDIDATES: You may propose Director candidates for consideration by the Board s Nominating and Corporate Governance Committee (the Nominating Committee). In addition, Aetna s By-Laws permit shareholders to nominate Directors for consideration at a meeting of shareholders at which one or more Directors are to be elected. In order to make a Director nomination at next year s Annual Meeting, the shareholder s written notice must be RECEIVED by Aetna s Corporate Secretary at least 90 calendar days before the date of next year s Annual Meeting and must contain the information required by Aetna s By-Laws. (Please see Director Qualifications on page 14 for a description of qualifications that the Board believes are required for Board nominees.)

COPY OF BY-LAWS PROVISIONS: You may contact the Corporate Secretary at Aetna s Headquarters for a copy of the relevant provisions of Aetna s By-Laws regarding the requirements for making shareholder proposals and nominating Director candidates or visit Aetna s website at www.aetna.com/governance to review and download a copy of Aetna s By-Laws.

Q: MAY SHAREHOLDERS ASK QUESTIONS AT THE ANNUAL MEETING?

A: Yes. You may ask questions regarding each of the items to be voted on when those items are discussed at the Annual Meeting. Also, shareholders will have an opportunity to ask questions of general interest at the end of the Annual Meeting.

Q: WHO COUNTS THE VOTES CAST AT THE ANNUAL MEETING?

A: Votes are counted by employees of Aetna s Transfer Agent and certified by the judge of election for the Annual Meeting who is an employee of the Transfer Agent. The judge will determine the number of shares outstanding and the voting power of each share, determine the shares represented at the Annual Meeting, determine the existence of a quorum, determine the validity of proxies and ballots, count all votes and determine the results of the actions taken at the Annual Meeting.

Q: IS MY VOTE CONFIDENTIAL?

A: Yes. The vote of each shareholder is held in confidence from Aetna s Directors, officers and employees except (a) as necessary to meet applicable legal requirements (including stock exchange listing requirements) and to assert or defend claims for or against Aetna and/or one or more of its consolidated subsidiaries, (b) as necessary to assist in resolving any dispute about the authenticity or accuracy of a proxy card, consent, ballot, authorization or vote, (c) if there is a contested proxy solicitation, (d) if a shareholder makes a written comment on a proxy card or other means of voting or otherwise communicates the shareholder s vote to management or (e) as necessary to obtain a quorum.

Table of Contents

GOVERNANCE OF THE COMPANY

At Aetna, we believe sound corporate governance principles are good for our business, the industry, the competitive marketplace and for all of those who place their trust in us. We have embraced the principles behind the Sarbanes-Oxley Act of 2002, as well as the governance rules for companies listed on the NYSE. These principles are reflected in the structure and composition of our Board of Directors and in the charters of our Board Committees, and are reinforced through Aetna s Code of Conduct, which applies to every employee and to our Directors.

Aetna s Corporate Governance Guidelines

Aetna s Corporate Governance Guidelines (the Guidelines) provide the framework for the governance of Aetna. The governance rules for companies listed on the NYSE and those contained in the Sarbanes-Oxley Act of 2002 are reflected in the Guidelines. The Guidelines address the role of the Board of Directors (including advising on key strategic, financial and business objectives); the composition and selection of Directors; the functioning of the Board (including its annual self-evaluation); the Committees of the Board; the compensation of Directors; and the conduct and ethics standards for Directors, including a prohibition against any nonmanagement Director having a direct or indirect material relationship with the Company except as authorized by the Board or our Nominating Committee, and a prohibition against Company loans to, or guarantees of obligations of, Directors and their family members. The Guidelines are available at www.aetna.com/governance and in print to shareholders free of charge by calling 1-800-237-4273.

The Board reviews the Company s corporate governance practices annually. These reviews include a comparison of our current practices to those suggested by various groups or authorities active in corporate governance and to those of other public companies. Based on this review, in 2007, the Board determined, among other matters, to (a) provide for majority voting in uncontested elections of Directors in our Articles of Incorporation, subject to receiving the required shareholder vote at the 2007 Annual Meeting and (b) raise the retirement age for Directors.

Director Elections Majority Voting Standard

The Guidelines already require any nominee for Director in an uncontested election who receives more withhold votes than for votes to promptly submit his or her resignation for consideration by the Nominating Committee. The Nominating Committee is then required to recommend to the Board the action to be taken with respect to the resignation, and the Board is required to act on the resignation, in each case within a reasonable period of time. Aetna will disclose promptly to the public each such resignation and decision by the Board. We are proposing an amendment to Aetna s Articles of Incorporation to provide for majority voting in the election of Directors in the Articles, in addition to the existing Guidelines provisions. The discussion of this proposal begins on page 58.

Director Retirement Age

The Nominating Committee regularly assesses the appropriate size and composition of the Board and, among other matters, whether any vacancies on the Board are expected due to retirement or otherwise. In early 2007, the Nominating Committee and the Board, in the course of considering these issues, Director recruitment and related succession issues, determined to raise the Director retirement age from 72 to 75. The Nominating Committee and the Board believe that raising the retirement age is advantageous since it provides the Board increased flexibility to potentially obtain longer service from qualified Director candidates, including incumbent Directors. As has been the Nominating Committee s practice, the Committee will continue to assess the characteristics and performance of each individual Director candidate as part of its nomination process, regardless of the candidate s age.

Executive Sessions

Aetna s nonmanagement Directors meet in regularly scheduled executive sessions at Aetna s Board meetings, without management present. During 2006, the nonmanagement Directors, each of whom is independent, met five times to discuss certain Board policies, processes and practices, the performance and proposed performance-based compensation of the Chief Executive Officer, management succession and other matters relating to the Company and the functioning of the Board.

Presiding Director

Michael H. Jordan, an independent Director, has been the Presiding Director since February of 2004 and will continue as such until his retirement from the Board as of the Annual Meeting, as described below. At that time, Gerald Greenwald, another independent Director, will become the Presiding Director. Generally, the Presiding Director is responsible for coordinating the activities of the independent Directors. Among other things, the Presiding Director sets the agenda for and leads the nonmanagement and independent Director sessions held by the Board regularly, and briefs the Chairman and Chief Executive Officer on any issues arising from those sessions. The Presiding Director also acts as the principal liaison to the Chairman and Chief Executive Officer for the views of, and any concerns or issues raised by, the independent Directors, though all Directors continue to interact one-on-one with the Chairman and Chief Executive Officer, as needed and as appropriate. The Chairman and Chief Executive Officer consults with the Presiding Director for recommendations in setting the agenda for Board meetings and the Board meeting schedule. The Presiding Director also consults with the other Directors and advises the Chairman and Chief Executive Officer about the quality, quantity and timeliness of information provided to the Board and the Board s decision-making processes.

Communications with the Board

To contact Aetna s Chairman of the Board, who is also the Chief Executive Officer, you may write to Mr. Williams at Aetna Inc., 151 Farmington Avenue, Hartford, CT 06156. Communications sent to Mr. Williams will be delivered directly to him. Anyone wishing to make their concerns known to Aetna s nonmanagement Directors or to send a communication to the entire Board may contact Mr. Jordan, who will serve as the Presiding Director until the Annual Meeting, or Mr. Greenwald, who will serve as the Presiding Director after the Annual Meeting, by writing to the Presiding Director at P.O. Box 370205, West Hartford, CT 06137-0205. All such communications will be kept confidential and forwarded directly to the Presiding Director or the Board, as applicable.

Director Independence

The Board has established guidelines (Director Independence Standards or Standards) to assist it in determining Director independence. In accordance with the Standards, the Board must determine that each independent Director has no material relationship with the Company other than as a Director and/or a shareholder of the Company. Consistent with the NYSE listing standards, the Standards specify the criteria by which the independence of our Directors will be determined, including guidelines for Directors and their immediate family members with respect to past employment or affiliation with the Company or its external auditor. A copy of the Standards is attached to this Proxy Statement as an Annex and also is available at www.aetna.com/governance and in print to shareholders free of charge by calling 1-800-237-4273.

Pursuant to the Standards, the Board undertook its annual review of Director independence in February of 2007. During this review, the Board considered transactions and relationships between each Director or any member of his or her immediate family (or any entity of which a Director or an immediate family member is an executive officer, general partner or significant equity holder) and the Company and its affiliates. The Board also considered whether there were any transactions or relationships between Directors or any member of their immediate family and members of the Company s senior management or their affiliates. As provided in the Standards, the purpose of this review was to determine whether any such relationships or transactions existed that were inconsistent with a determination that a Director is independent.

As a result of this review, the Board affirmatively determined in its business judgment that each of Frank M. Clark, Betsy Z. Cohen, Molly J. Coye, M.D., Barbara Hackman Franklin, Jeffrey E. Garten, Earl G. Graves, Gerald Greenwald, Ellen M. Hancock, Michael H. Jordan, Edward J. Ludwig and Joseph P. Newhouse, each of whom (other than Michael H. Jordan) also is standing for election at the Annual Meeting, is independent as defined in the NYSE listing standards and under Aetna s Director Independence Standards and that any relationship with the Company (either directly or as a partner, shareholder or executive officer of any

Table of Contents

organization that has a relationship with the Company) has been deemed to be immaterial under the independence test thresholds contained in the NYSE listing standards and under Aetna s Director Independence Standards.

In determining that each of the nonmanagement Directors is independent, the Board considered that the Company in the ordinary course of business sells products and services to, and/or purchases products and services from, companies and other entities at which some of our Directors or their immediate family members are or have been officers and/or significant equity holders or have certain other relationships. Specifically, the Board considered the existence of the following transactions, all of which were made in the ordinary course of business and which the Board believes were in, or not inconsistent with, the best interest of the Company, and in each case were not material. The Company advertises in, and participates as a co-sponsor in marketing events hosted by, *Black Enterprise* magazine, of which Mr. Graves is the Publisher. Mr. Graves also is the Chairman of Earl G. Graves, Ltd., which publishes that magazine. The Company sells health insurance products and services to and receives medical product rebates from Becton, Dickinson and Company. Mr. Ludwig is the Chairman of the Board, President and Chief Executive Officer of Becton, Dickinson and Company. The Company also sells health insurance products to California Medical Innovations. Dr. Coye s brother is an officer and owner of California Medical Innovations. The Company may purchase electric power and other utility services from Commonwealth Edison Company. The Company also sells health and other insurance products and services to Exelon Corporation. Mr. Clark is the Chairman and Chief Executive Officer of Commonwealth Edison Company, which is a subsidiary of Exelon Corporation. The Company purchases certain information technology services from Electronic Data Systems Corporation, and the Company sells health and other insurance products and services to Electronic Data Systems Corporation. Mr. Jordan is the Chairman and Chief Executive Officer of Electronic Data Systems Corporation. The Company also sells health and other insurance products and services to Electro-Motive Diesel, Inc., a portfolio company of Greenbriar Equity Group LLC. Mr. Greenwald is a founding principal of Greenbriar Equity Group LLC and serves as Non-Executive Chairman of Electro-Motive Diesel, Inc. The Company also sold dental insurance products to Jazz Semiconductor, Inc. in 2004 and 2005. Mrs. Hancock is President and Chief Operating Officer of Jazz Technologies, Inc., formerly Acquicor Technology Inc., which is the parent company of Jazz Semiconductor, Inc. Harvard University provides medical content for the Company s InteliHealth website and has provided certain other services to the Company s Active Health subsidiary. Dr. Newhouse is employed by Harvard University but is not involved in Harvard s relationship with the Company. The Company also sells health and other insurance products and services to Yale University and may also pay tuition to Yale University in order for Company employees to participate in certain programs at Yale. Mr. Garten is employed by Yale University. In each of these cases, the aggregate amounts paid to or received from these companies or other entities in each of the last three years did not approach the 2% of total revenue threshold in the Standards (i.e., two percent of the other companies revenue) and/or was below $1 million. The Company may also hold an equity and/or debt position in companies with which our Directors are affiliated. The Board determined that none of these relationships was material or impaired the independence of any Director.

All members of the Audit Committee, the Committee on Compensation and Organization (the Compensation Committee) and the Nominating Committee are, in the business judgment of the Board, independent Directors as defined in the NYSE listing standards and in Aetna s Director Independence Standards.

Related Party Transaction Policy

Under Aetna s Code of Conduct, the Board or an independent Committee reviews any potential conflicts between the Company and any Director or executive officer. The Board has further strengthened this review process by adopting a Related Party Transaction Policy (the Policy) which applies to Directors, executive officers, significant shareholders and their immediate family members (each a Related Person). Under the Policy, all transactions involving the Company in which a Related Person has a direct or indirect material interest must be reviewed and approved (1) by the Board or the Nominating Committee if involving a Director, (2) by the Board or the Audit Committee if involving an executive officer, or (3) by the full Board if involving an applicable shareholder. The Board or relevant Committee considers relevant facts and circumstances, which may include, without limitation, the commercial reasonableness of the terms, the

Table of Contents

benefit to the Company, opportunity costs of alternate transactions, the materiality and character of the Related Person s direct or indirect interest, and the actual or apparent conflict of interest of the Related Person. A transaction may be approved if it is determined, in the Board s or relevant Committee s reasonable business judgment, that the transaction is in, or not inconsistent with, the best interests of the Company and its shareholders, and considering the interests of other relevant constituents, where deemed appropriate. Determinations of materiality are made by the full Board or relevant Committee as applicable.

Compensation Committee Interlocks and Insider Participation

The members of the Compensation Committee consist of Michael H. Jordan (Chairman), Frank M. Clark, Betsy Z. Cohen, Barbara Hackman Franklin and Gerald Greenwald. None of the members of the Compensation Committee has ever been an officer or employee of the Company. There are no interlocking relationships with any of our executive officers or Compensation Committee members.

Meeting Attendance

The Board and its Committees meet throughout the year on a set schedule, and also hold special meetings from time to time, as appropriate. During 2006, the Board met eight times. The average attendance of Directors at all meetings during the year was 96%, and no Director attended less than 75% of the aggregate number of Board and Committee meetings that he or she was eligible to attend. It is the policy of the Board that all Directors should be present at Aetna s Annual Meeting of Shareholders. All of the Directors then in office and standing for election attended Aetna s 2006 Annual Meeting of Shareholders.

Aetna s Code of Conduct

Aetna s Code of Conduct applies to every employee and to our Directors, and is available at www.aetna.com/governance and as an exhibit to Aetna s 2006 Annual Report on Form 10-K. The Code of Conduct is designed with the goal of ensuring that Aetna s business is conducted in a consistently legal and ethical manner. The Code of Conduct includes policies on employee conduct, conflicts of interest and the protection of confidential information and requires strict adherence to all laws and regulations applicable to the conduct of our business. Aetna will disclose any amendments to the Code of Conduct, or waivers of the Code of Conduct relating to Aetna s Directors, executive officers and principal financial and accounting officers or persons performing similar functions, on its website at www.aetna.com/governance within four business days following the date of any such amendment or waiver. To date, no waivers have been requested or granted. The Code of Conduct also is available in print to shareholders free of charge by calling 1-800-237-4273.

Board and Committee Membership; Committee Descriptions

Aetna s Board oversees and guides the Company s management and its business. Committees support the role of the Board on issues that are better addressed by a smaller, more focused subset of Directors.

The following table presents, as of March 1, 2007, the key standing Committees of the Board, the membership of such Committees and the number of times each such Committee met in 2006. Board Committee Charters adopted by the Board for each of the six Committees listed below are available at www.aetna.com/governance and in print to shareholders free of charge by calling 1-800-237-4273.

	Committee					
Nominee/Director	**Audit**	**Compensation and Organization**	**Executive**	**Investment and Finance**	**Medical Affairs**	**Nominating and Corporate Governance**
Frank M. Clark		X			X	
Betsy Z. Cohen		X		X	X	
Molly J. Coye, M.D.				X	X	
Barbara Hackman Franklin		X	X			X*
Jeffrey E. Garten	X				X	
Earl G. Graves	X		X			X
Gerald Greenwald		X		X*		X
Ellen M. Hancock	X					X
Michael H. Jordan		X*	X	X		
Edward J. Ludwig	X*		X			X
Joseph P. Newhouse	X		X		X*	
Ronald A. Williams			X*	X		
Number of Meetings in 2006	11	6	1	7	4	5

* Committee Chairman

Effective April 27, 2007, Mrs. Cohen will succeed Mr. Jordan as Chairman of the Compensation Committee, will become a member of the Executive Committee and will leave the Medical Affairs Committee; Mr. Garten will become a member of the Compensation Committee and will leave the Audit Committee; and Mr. Greenwald will become a member of the Executive Committee and will leave the Compensation Committee. As noted below, Mr. Jordan will retire from the Board immediately prior to the Annual Meeting.

The functions and responsibilities of the key standing Committees of Aetna s Board are described below.

Audit Committee. The Board has determined in its business judgment that all members of the Audit Committee meet the independence, financial literacy and expertise requirements for audit committee members set forth in the NYSE listing standards. Additionally, the Board has determined in its business judgment that each Audit Committee member, based on his/her background and experience (including that described in this Proxy Statement), has the requisite attributes of an audit committee financial expert as defined by the SEC. The Audit Committee assists the Board in its oversight of (1) the integrity of the financial statements of the Company, (2) the qualifications and independence of the Company s independent registered public accounting firm (the Independent Accountants), (3) the performance of the Company s internal audit function and the Independent Accountants, and (4) the compliance by the Company with legal and regulatory requirements. The Audit Committee is directly responsible for the appointment, compensation, retention and oversight of the work of the Independent Accountants and any other accounting firm engaged to perform audit, review or attest services (including the resolution of any disagreements between management and any auditor regarding financial reporting). The Independent Accountants and any other such accounting firm report directly to the Audit Committee. The Audit Committee is empowered, to the extent it deems necessary or appropriate, to retain outside legal, accounting or other advisers having special competence as necessary to assist it in fulfilling its responsibilities and duties. The Audit Committee has available from the Company such funding as the Audit Committee determines for compensation to the Independent Accountants and any other accounting firm or other advisers engaged by the Audit Committee, and for the Audit Committee s ordinary administrative expenses. The Audit Committee conducts an annual evaluation of its performance. For more information regarding the role, responsibilities and limitations of the Audit Committee, please refer to the Report of the Audit Committee beginning on page 56.

Table of Contents

The Audit Committee can be confidentially contacted by employees and others wishing to raise concerns or complaints about the Company s accounting, internal accounting controls or auditing matters by calling AlertLine®, an independent toll-free service, at 1-888-891-8910 (available seven days a week, 24 hours a day), or by writing to: Audit Committee c/o Corporate Compliance, P.O. Box 370205, West Hartford, CT 06137-0205.

Committee on Compensation and Organization. The Board has determined in its business judgment that all members of the Compensation Committee meet the independence requirements set forth in the NYSE listing standards and in Aetna s Director Independence Standards. The Compensation Committee is directly responsible for reviewing and approving corporate goals and objectives relevant to Chief Executive Officer and other executive officer compensation; evaluating the Chief Executive Officer s and other executive officers performance in light of those goals and objectives; and determining and approving the Chief Executive Officer s and other executive officers compensation levels based on this evaluation. The Chief Executive Officer s compensation is determined after reviewing the Chief Executive Officer s performance with the independent Directors of the full Board. The Compensation Committee also evaluates and determines the compensation of the Company s senior executives and oversees the compensation and benefit plans, policies and programs of the Company. The Chief Executive Officer provides recommendations to the Compensation Committee for the compensation of all senior executives (except his own compensation), but the Compensation Committee does not delegate its authority with regard to these executive compensation decisions. The Compensation Committee also administers Aetna s stock-based incentive plans and Aetna s 2001 Annual Incentive Plan. The Compensation Committee reviews and makes recommendations, as appropriate, to the Board as to the development and succession plans for the senior management of the Company. The Compensation Committee has the authority to retain counsel and other experts or consultants as it may deem appropriate.

Further, the Compensation Committee has the sole authority to select, retain and terminate any consultant used to assist the Compensation Committee and has the sole authority to approve each consultant s fees and other retention terms. In accordance with this authority, the Compensation Committee engages Frederic W. Cook & Co., Inc. as independent outside compensation consultant to advise the Compensation Committee on all matters related to Chief Executive Officer and other executive compensation. In accordance with the policy formalized by the Committee in 2006, the Company may not engage the firm of Frederic W. Cook & Co., Inc. for any services other than in support of the Compensation Committee without the prior approval of the Chairman of the Compensation Committee. A representative of the consultant attended five of the Compensation Committee s meetings in 2006. The Committee conducts an annual evaluation of its performance.

As explained below, the Nominating Committee reviews the compensation of, and benefits for, Directors and makes Director compensation recommendations to the Board of Directors.

Executive Committee. This Committee is authorized to act on behalf of the full Board between regularly scheduled Board meetings, usually when timing is critical. The Executive Committee has the authority to retain counsel and other experts or consultants as it may deem appropriate.

Investment and Finance Committee. This Committee assists the Board in reviewing the Company s investment policies, strategies, transactions and performance and in overseeing the Company s capital and financial resources. The Investment and Finance Committee has the authority to retain counsel and other experts or consultants as it may deem appropriate. The Investment and Finance Committee conducts an annual evaluation of its performance.

Medical Affairs Committee. This Committee provides general oversight of Company policies and practices that relate to providing Aetna s members with access to cost-effective quality health care. The Medical Affairs Committee has the authority to retain counsel and other experts or consultants as it may deem appropriate. The Medical Affairs Committee conducts an annual evaluation of its performance.

Nominating and Corporate Governance Committee. The Board has determined in its business judgment that all members of the Nominating Committee meet the independence requirements set forth in the NYSE listing standards and in Aetna s Director Independence Standards. The Nominating Committee assists the

13

Board in identifying individuals qualified to become Board members, consistent with criteria approved by the Board; oversees the organization of the Board to discharge the Board s duties and responsibilities properly and efficiently; and identifies best practices and recommends to the Board corporate governance principles. Other specific duties and responsibilities of the Nominating Committee include: annually assessing the size and composition of the Board; annually reviewing and recommending Directors for continued service; reviewing the compensation of, and benefits for, Directors; recommending the retirement policy for Directors; coordinating and assisting management and the Board in recruiting new members to the Board; reviewing potential conflicts of interest or other issues arising out of other positions held or proposed to be held by, or any changes in circumstances of, a Director; recommending Board Committee assignments; overseeing the annual evaluation of the Board; conducting an annual performance evaluation of the Nominating Committee; conducting a preliminary review of Director independence and the financial literacy and expertise of Audit Committee members; and interpreting, as well as reviewing any proposed waiver of, Aetna s Code of Conduct, the code of business conduct and ethics applicable to Directors. The Nominating Committee has the authority to retain counsel and other experts or consultants as it may deem appropriate. Further, the Nominating Committee has the sole authority to select, retain and terminate any search firm used to identify Director candidates and to approve the search firm s fees and other retention terms.

The Board makes all Director compensation determinations after considering the recommendations of the Nominating Committee. In setting Director compensation, both the Nominating Committee and the Board review director compensation data obtained from an outside consultant, but neither the Nominating Committee nor the Board delegates any Director compensation decision-making authority.

Consideration of Director Nominees

Shareholder Nominees. The Nominating Committee will consider properly submitted shareholder nominations for candidates for membership on the Board as described below under Director Qualifications and Identifying and Evaluating Nominees for Directors. Any shareholder nominations of candidates proposed for consideration by the Nominating Committee should include the nominee s name and qualifications for Board membership, and otherwise comply with applicable rules and regulations, and should be addressed to:

Corporate Secretary
Aetna Inc.
151 Farmington Avenue, RE4K
Hartford, CT 06156

In addition, Aetna s By-Laws permit shareholders to nominate Directors for consideration at a meeting of shareholders at which one or more Directors are to be elected. For a description of the process for nominating Directors in accordance with Aetna s By-Laws, see MAY I PROPOSE ACTIONS FOR CONSIDERATION AT NEXT YEAR S ANNUAL MEETING OF SHAREHOLDERS OR NOMINATE INDIVIDUALS TO SERVE AS DIRECTORS? on page 6.

Director Qualifications. The Nominating Committee Charter sets out the criteria weighed by the Committee in considering all Director candidates, including shareholder-identified candidates. The criteria are re-evaluated periodically and currently include: the relevance of the candidate s experience to the business of the Company; enhancing the diversity of the Board; the candidate s independence from conflict or direct economic relationship with the Company; and the candidate s ability to attend Board meetings regularly and devote an appropriate amount of effort in preparation for those meetings. It also is expected that nonmanagement Directors nominated by the Board shall be individuals who possess a reputation and hold positions or affiliations befitting a director of a large publicly held company, and are actively engaged in their occupations or professions or are otherwise regularly involved in the business, professional or academic community. In evaluating Director nominations, the Committee seeks to achieve a diversity of knowledge, experience and capability on the Board.

Identifying and Evaluating Nominees for Directors. The Nominating Committee utilizes a variety of methods for identifying and evaluating nominees for Director. In recommending Director nominees to the

Table of Contents

Board, the Nominating Committee solicits candidate recommendations from its own members, other Directors and management. It also may engage the services and pay the fees of a professional search firm to assist it in identifying potential Director nominees. The Nominating Committee also reviews materials provided by professional search firms or other parties in connection with its consideration of nominees. The Nominating Committee regularly assesses the appropriate size of the Board and whether any vacancies on the Board are expected due to retirement or otherwise. If vacancies are anticipated, or otherwise arise, the Nominating Committee considers whether to fill those vacancies and, if applicable, considers various potential Director candidates. These candidates are evaluated against the current Director criteria at regular or special meetings of the Nominating Committee, and may be considered at any point during the year. As described above, the Nominating Committee will consider properly submitted shareholder nominations for candidates for the Board. Following verification of the shareholder status of the person(s) proposing a candidate, a shareholder nominee will be considered by the Nominating Committee at a meeting of the Nominating Committee. If any materials are provided by a shareholder in connection with the nomination of a Director candidate, such materials are forwarded to the Nominating Committee.

The Board and the Nominating Committee each assessed the characteristics and performance of the individual Directors standing for election to the Board at the 2007 Annual Meeting against the foregoing criteria, and, to the extent applicable, considered the impact of any change in the principal occupations of all Directors during the last year. Upon completion of this evaluation process, the Nominating Committee reported to the full Board its conclusions and recommendations for nominations to the Board, and the Board nominated the 11 Director nominees named in this Proxy Statement based on that recommendation.

Frank M. Clark has not been elected previously to the Board by shareholders. In 2006, the Nominating Committee engaged and paid the fees of a professional search firm to assist the Nominating Committee in identifying and evaluating potential nominees. Following the candidate identification and evaluation process, the Nominating Committee considered and recommended Mr. Clark to the full Board, and the Board appointed Mr. Clark a Director of Aetna effective June 29, 2006.

Table of Contents

I. Election of Directors

Aetna will nominate 11 individuals for election as Directors at the Annual Meeting (the Nominees). The terms of office for the Directors elected at this meeting will run until the next Annual Meeting and until their successors are duly elected and qualified. The Nominating Committee recommended the 11 Nominees for nomination by the full Board. Based on that recommendation, the Board nominated each of the Nominees for election at the Annual Meeting. All Nominees are currently Directors of Aetna. The following pages list the names and ages of the Nominees as of the date of the Annual Meeting, the year each first became a Director of Aetna or one of its predecessors, the principal occupation, publicly traded company directorships and certain other directorships of each as of March 1, 2007, and a brief description of the business experience of each for at least the last five years.

Michael H. Jordan has notified the Company that he will not stand for re-election at the Annual Meeting and will retire from the Board at that time. Mr. Jordan has been a Director of Aetna or its predecessors since 1992 and will continue as a Director until his term ends immediately prior to the Annual Meeting. Effective upon Mr. Jordan s departure from the Board, the size of the Board of Directors will be reduced by one to a total of 11.

The 11 individuals (or such lesser number if the Board has reduced the number of Directors to be elected at the Annual Meeting as described on page 6 under WHAT IF A DIRECTOR NOMINEE IS UNWILLING OR UNABLE TO SERVE?) receiving the greatest number of votes cast at the Annual Meeting will be elected Directors. However, as described in more detail on page 8 under Director Elections Majority Voting Standard, Aetna s Corporate Governance Guidelines require any nominee for Director in an uncontested election who receives more withhold votes than for votes to promptly submit his or her resignation for consideration by the Nominating Committee. The Nominating Committee and the Board are then required to act on the resignation, in each case within a reasonable period of time.

The Board recommends a vote FOR each of the 11 Nominees. If you complete the enclosed proxy card, unless you direct to the contrary on that card, the shares represented by that proxy card will be voted FOR the election of all 11 Nominees.

Nominees for Directorships

Director since 2006	***Frank M. Clark,*** age 61, became Chairman and Chief Executive Officer of Commonwealth Edison Company (ComEd) (an electric energy distribution subsidiary of Exelon Corporation) in November 2005, having served as President of ComEd since October 2001. Mr. Clark also served as Executive Vice President and Chief of Staff to the Exelon Corporation Chairman from 2004 to 2005. Since joining ComEd in 1966, Mr. Clark rose steadily through the ranks, holding key leadership positions in operational and policy-related responsibilities including regulatory and governmental affairs, customer service operations, marketing and sales, information technology, human resources and labor relations, and distribution support services. Mr. Clark is a director of Harris Financial Corp. (financial services) and Waste Management, Inc. (waste disposal services). Mr. Clark also serves as a trustee of the University of Chicago Hospitals and Health System and DePaul University.

Table of Contents

Director of Aetna
or its predecessors since 1994

Betsy Z. Cohen, age 65, is Chairman and a trustee of RAIT Financial Trust (real estate investment trust), a position she assumed in August 1997. Until December 11, 2006, she also held the position of Chief Executive Officer. Since September 2000, she also has served as Chief Executive Officer of The Bancorp, Inc. (holding company) and its subsidiary, The Bancorp Bank (Internet banking and financial services), and served as Chairman of The Bancorp Bank from November 2003 to February 2004. From 1999 to 2000, Mrs. Cohen also served as a director of Hudson United Bancorp (holding company), the successor to JeffBanks, Inc., where she had been Chairman and Chief Executive Officer since its inception in 1981 and also served as Chairman and Chief Executive Officer of its subsidiaries, Jefferson Bank (which she founded in 1974) and Jefferson Bank New Jersey (which she founded in 1987) prior to JeffBanks merger with Hudson United Bancorp in December 1999. From 1985 until 1993, Mrs. Cohen was a director of First Union Corp. of Virginia (bank holding company) and its predecessor, Dominion Bankshares, Inc. In 1969, Mrs. Cohen co-founded a commercial law firm and served as a Senior Partner until 1984.

Director since 2005

Molly J. Coye, M.D., age 59, is the Chief Executive Officer of the Health Technology Center (non-profit education and research organization), which she founded in December 2000. Prior to assuming her current position, Dr. Coye served as Senior Vice President of the West Coast Office of The Lewin Group (consulting) from 1997 to December 2000. Before that, she served in both the public and private sectors: Executive Vice President, Strategic Development, of HealthDesk Corporation from 1996 to 1997; Senior Vice President, Clinical Operations, Good Samaritan Health Hospital from 1993 to 1996; Director of the California Department of Health Services from 1991 to 1993; Head of the Division of Public Health, Department of Health Policy and Management, Johns Hopkins School of Hygiene and Public Health from 1990 to 1991; Commissioner of Health of the New Jersey State Department of Health from 1986 to 1989; Special Advisor for Health and the Environment, State of New Jersey Office of the Governor from 1985 to 1986; and National Institute for Occupational Safety and Health Medical Investigative Officer from 1980 to 1985.
Dr. Coye is a member of the Board of Trustees of the American Hospital Association, and a member of the Institute of Medicine, where she co-authored the reports *To Err Is Human* and *Crossing the Quality Chasm*. She also is a Trustee of the Program for Appropriate Technology in Health.

Table of Contents

Director of Aetna
or its predecessors from 1979 to 1992
and since 1993

Barbara Hackman Franklin, age 67, is President and Chief Executive Officer of Barbara Franklin Enterprises (private investment and management consulting firm). From 1992 to 1993, she served as the 29th U.S. Secretary of Commerce. Prior to that appointment, Ms. Franklin was President of Franklin Associates (management consulting firm), which she founded in 1984. During that time, Ms. Franklin also served as a public member of the Board of the American Institute of Certified Public Accountants and of the Auditing Standards Board. She has received the John J. McCloy Award for contributions to audit excellence, the Director of the Year Award from the National Association of Corporate Directors, and an Outstanding Director Award from the Outstanding Director Exchange. Ms. Franklin was a Senior Fellow of The Wharton School from 1979 to 1988, an original Commissioner and Vice Chair of the U.S. Consumer Product Safety Commission from 1973 to 1979, and a Staff Assistant to the President of the United States from 1971 to 1973. Earlier, she held executive positions at Citibank, N.A. and the Singer Company. Ms. Franklin is a director of The Dow Chemical Company (chemicals, plastics and agricultural products), GenVec, Inc. (biotechnology), MedImmune, Inc. (biotechnology) and Washington Mutual Investors Fund, Inc. She is chairman of the Economic Club of New York, vice chair of the US-China Business Council, a director of the National Association of Corporate Directors and a member of the Public Company Accounting Oversight Board Advisory Council. Ms. Franklin is a regular commentator on the PBS *Nightly Business Report*.

Director of Aetna
or its predecessors since 2000

Jeffrey E. Garten, age 60, became the Juan Trippe Professor in the Practice of International Trade, Finance and Business at Yale University on July 1, 2005, having served as the Dean of the Yale School of Management since 1995. He also is Chairman of Garten Rothkopf (global consulting firm), a position he assumed in October 2005. Mr. Garten held senior posts on the White House staff and at the U.S. Department of State from 1973 to 1979. He joined Shearson Lehman Brothers (investment banking) in 1979 and served as Managing Director from 1984 to 1987. In 1987, Mr. Garten founded Eliot Group, Inc. (investment banking) and served as President until 1990, when he became Managing Director of The Blackstone Group (private merchant bank). From 1992 to 1993, Mr. Garten was Professor of Finance and Economics at Columbia University s Graduate School of Business. He was appointed U.S. Under Secretary of Commerce for International Trade in 1993 and served in that position until 1995. Mr. Garten is a director of Alcan Inc. (global materials company) and CarMax, Inc. (automotive retailer) and also is a director of 28 Credit Suisse mutual funds. He is the author of *A Cold Peace: America, Japan, Germany and the Struggle for Supremacy; The Big Ten: Big Emerging Markets and How They Will*

Change Our Lives; The Mind of the CEO; and *The Politics of Fortune: A New Agenda for Business Leaders.* Mr. Garten is a director of The Conference Board and the International Rescue Committee. He also serves on the Board of Directors of Aetna Foundation, Inc.

Director of Aetna or its predecessors since 1994

Earl G. Graves, Sr., age 72, is Chairman of Earl G. Graves, Ltd. (a multimedia company with properties in television, radio, events, digital media and the Internet), having served as Chairman and Chief Executive Officer since 1972. He is the Managing Partner of Graves Ventures, Inc. and also the Publisher of *Black Enterprise* magazine, which he founded in 1970. Additionally, since 1998, Mr. Graves has been a Managing Director of Black Enterprise/ Greenwich Street Corporate Growth Partners, L.P. He is a director of AMR Corporation and its subsidiary, American Airlines, Inc., and is a member of the Supervisory Board of DaimlerChrysler AG (transportation products, financial and other services). Mr. Graves is a trustee of Howard University, a member of the Executive Board and Executive Committee of the National Office of the Boy Scouts of America and a Fellow of the American Academy of Arts & Sciences. He also serves on the Board of Directors of Aetna Foundation, Inc. Mr. Graves has worked to foster the growth of a vibrant African American business community. He is the author of the *New York Times* bestseller *How to Succeed in Business without Being White* and is the recipient of more than 60 honorary degrees and numerous awards for his business success and civic contributions. Mr. Graves was named by *Fortune Magazine* as one of the 50 most powerful and influential African Americans in corporate America and is the subject of an exhibit in The National Great Blacks in Wax Museum in Baltimore, Maryland. In 1990, Mr. Graves was awarded the 84th NAACP Spingarn Medal, the highest achievement award for African Americans. In 1995, his alma mater, Morgan State University, renamed its business school the Earl G. Graves School of Business and Management. In August 2006, Mr. Graves received the Lifetime Achievement Award from the National Association of Black Journalists for his contributions to the field of journalism and the publishing industry.

Director of Aetna or its predecessors since 1993

Gerald Greenwald, age 71, is a founding principal of the Greenbriar Equity Group LLC (invests in the global transportation industry). Mr. Greenwald retired in July 1999 as Chairman and Chief Executive Officer of UAL Corporation and United Airlines (UAL), its principal subsidiary, having served in those positions since July 1994. Mr. Greenwald held various executive positions with Chrysler Corporation (automotive manufacturer) from 1979 to 1990, serving as Vice Chairman of the Board from 1989 to May 1990 and as Chairman of Chrysler Motors from 1985 to 1988. In 1990, Mr. Greenwald was selected to serve as Chief Executive Officer of United Employee Acquisition Corporation in connection with the proposed 1990 employee acquisition of UAL. From 1991 to 1992, he was a Managing Director of Dillon Read & Co., Inc. (investment banking) and, from 1992 to 1993, he was President and Deputy Chief Executive Officer of Olympia & York Developments Ltd. (Canadian real estate company). Mr. Greenwald then served as Chairman and Managing Director of Tatra Truck Company (truck manufacturer in the Czech Republic) from 1993 to 1994. He also is a trustee of the Aspen Institute and a member of an Advisory Council of the RAND Corporation.

Table of Contents

Director of Aetna
or its predecessors since 1995

Ellen M. Hancock, age 64, is President and Chief Operating Officer and a director of Jazz Technologies, Inc., formerly known as Acquicor Technology Inc. (a company formed for the purpose of acquiring businesses in the technology, multimedia and networking sectors). Mrs. Hancock previously served as Chairman of the Board and Chief Executive Officer of Exodus Communications, Inc. (Internet system and network management services). She joined Exodus in March 1998 and served as Chairman from June 2000 to September 2001, Chief Executive Officer from September 1998 to September 2001, and President from March 1998 to June 2000. Mrs. Hancock held various staff, managerial and executive positions at International Business Machines Corporation (information-handling systems, equipment and services) from 1966 to 1995. She became a Vice President of IBM in 1985 and served as President, Communication Products Division, from 1986 to 1988, when she was named General Manager, Networking Systems. Mrs. Hancock was elected an IBM Senior Vice President in November 1992, and in 1993 was appointed Senior Vice President and Group Executive, which position she held until February 1995. Mrs. Hancock served as an Executive Vice President and Chief Operating Officer of National Semiconductor Corporation (semiconductors) from September 1995 to May 1996, and served as Executive Vice President for Research and Development and Chief Technology Officer of Apple Computer, Inc. (personal computers) from July 1996 to July 1997. Mrs. Hancock is a director of Colgate-Palmolive Company (consumer products) and Electronic Data Systems Corporation (information technology services).

Director since 2003

Edward J. Ludwig, age 55, is Chairman of the Board, President and Chief Executive Officer of Becton, Dickinson and Company (global medical technology company). He was elected Chairman of the Board effective February 2002, Chief Executive Officer in January 2000 and President in May 1999. Since joining Becton, Dickinson and Company as a Senior Financial Analyst in 1979, Mr. Ludwig has served in positions of increasing responsibility in the areas of financial management, strategic planning and operations. His previous positions have included Vice President, Planning and Development from 1987 to 1989; President, Becton Dickinson Diagnostic Instrument Systems Division from 1988 to 1994; Vice President, Finance and Controller from 1994 to 1995; Senior Vice President and Chief Financial Officer from 1995 to June 1998; and Executive Vice President from July 1998 to May 1999 when he was elected President. Mr. Ludwig serves as a Johns Hopkins University trustee and chairs the Advisory Board for the Johns Hopkins Bloomberg School of Public Health. He also is chairman of the Advanced Medical Technology Association, and is a trustee of the Hackensack University Medical Center and the College of the Holy

Cross.

Table of Contents

Director since 2001

Joseph P. Newhouse, age 65, is the John D. MacArthur Professor of Health Policy and Management at Harvard University, a position he assumed in 1988. At Harvard, he also is the Director of the Division of Health Policy Research and Education, the Director of the Interfaculty Initiative on Health Policy, Chair of the Committee on Higher Degrees in Health Policy and a member of the faculties of the John F. Kennedy School of Government, the Harvard Medical School, the Harvard School of Public Health and the Faculty of Arts and Sciences. Prior to joining Harvard, Dr. Newhouse held various positions at The RAND Corporation from 1968 to 1988, serving as a faculty member of the RAND Graduate School from 1972 to 1988, as Deputy Program Manager for Health Sciences Research from 1971 to 1988, Senior Staff Economist from 1972 to 1981, Head of the Economics Department from 1981 to 1985 and as a Senior Corporate Fellow from 1985 to 1988. Dr. Newhouse is the Editor of the *Journal of Health Economics*, which he founded in 1981. He is a Faculty Research Associate of the National Bureau of Economic Research, a member of the Institute of Medicine of the National Academy of Sciences, a member of the *New England Journal of Medicine* Editorial Board, a fellow of the American Academy of Arts and Sciences, and a director of the National Committee for Quality Assurance. Dr. Newhouse is the author of *Free for All: Lessons from the RAND Health Insurance Experiment* and *Pricing the Priceless: A Health Care Conundrum*. He also serves on the Board of Directors of Aetna Foundation, Inc.

Director since 2002

Ronald A. Williams, age 57, is Chairman, Chief Executive Officer and President of Aetna. He was elected Chairman of Aetna on October 1, 2006, Chief Executive Officer on February 14, 2006 and President on May 27, 2002, having served as Executive Vice President and Chief of Health Operations of the Company from March 15, 2001 until his appointment as President. Prior to joining Aetna, Mr. Williams held various executive positions from 1987 to 2001 at WellPoint Health Networks Inc. and its Blue Cross of California subsidiary. From October 1995 to March 1999, he served as Executive Vice President of the Blue Cross of California Businesses of WellPoint and as President of its Blue Cross of California subsidiary and from April 1999 to March 2001, he served as Executive Vice President, Large Group Businesses, of WellPoint and as Group President of WellPoint s Large Group Division. Mr. Williams is a Director of American Express Company (financial services) and a trustee of The Conference Board. He also serves on the Dean s Advisory Council at the Massachusetts Institute of Technology and is a member of MIT s Alfred P. Sloan Management Society.

Table of Contents

Director Compensation

The Nominating Committee reviews compensation for nonmanagement Directors annually and makes recommendations to the full Board of Directors for its approval. The Nominating Committee s goal is to utilize the Company s Director compensation program to attract and retain qualified Directors. The Committee believes this goal is supported through a competitive compensation program that provides remuneration for Directors contributions, including offering stock-based compensation in order to strengthen the Directors mutuality of interests with other shareholders. The elements of the Company s Director compensation program are cash retainer fees, stock-based awards and certain benefits, and a Charitable Award Program, as more fully explained below. The Board has established Director Stock Ownership Guidelines under which each nonmanagement Director is required to own, within five years of joining the Board, shares of Aetna Common Stock or stock units having a dollar value equal to $400,000. As of February 23, 2007, all of Aetna s nonmanagement Directors held Common Stock and stock units in excess of these guidelines, except Mr. Clark who joined the Board on June 29, 2006. The Code of Conduct prohibits Directors from engaging in hedging strategies using puts, calls or other types of derivative securities based upon the value of Aetna stock.

As part of its annual review of the level and components of Director compensation, the Nominating Committee and the Board consider, among other matters, competitive Director compensation practices, including practices at a comparative group of public companies, based on market comparison studies prepared for the Nominating Committee by an outside consultant. In considering Director target compensation levels, the estimated annual cost of the Charitable Award Program is taken into account, even though Directors derive no economic benefit from the program. The Board believes in supporting charitable institutions and believes that the Charitable Award Program helps to attract and retain qualified Directors in the increasingly competitive environment for talent.

Directors who are officers of Aetna receive no additional compensation for membership on the Board or any of its Committees. The Presiding Director receives no additional compensation for his or her service as the Presiding Director.

2006 Nonmanagement Director Compensation

For 2006, the Board set total target compensation for Aetna s nonmanagement Directors at approximately $220,000. The level of target compensation was approximately equal to the median nonmanagement Director compensation for 2005 at a relevant comparative group of public companies. The comparative group consisted of twenty-four companies: eight of the healthcare companies included in the Morgan Stanley Healthcare Payor Index and sixteen general industry companies included in the Fortune 500 list. Cash retainer and per meeting fees for Board and Committee service in 2006 remained at 2005 levels, although the retainer for service as Chairman of both the Compensation Committee and the Nominating Committee was raised to $10,000, in recognition of the increased workload of those Committees given changes in applicable regulations on compensation and governance matters.

The following table sets forth for 2006 the total compensation of each of the Directors. Annual target compensation is the same for each Director. However, actual compensation for any Director, and amounts shown in the Director Summary Compensation Table, may vary from target levels and by Director due to: (a) initial stock awards given to Directors first joining the Board, which for accounting purposes are amortized over the first three years of service; (b) the time of year when the Director was first elected, if it is the first year of Board service; (c) whether a Director elected to defer a stock-based award into a stock unit account or interest account; and (d) whether a Director qualifies for accelerated vesting of stock-based awards due to retirement eligibility. Actual compensation may also vary from target levels or by Director due to the Committees on which a Director serves, the actual number of Committee meetings, and other factors. In addition, in accordance with SEC reporting regulations, amounts shown in the table below represent the estimated fair value of equity awards held by each Director that were required to be expensed during 2006 for accounting purposes, not full grant date values for 2006 stock awards. As a result, amounts shown regarding stock-based awards in the table below include portions of prior year awards, as well as a portion of the value of awards granted in 2006. For example, the amounts shown for option awards in the table below only relate to options granted in 2003, which were the only options granted to Directors that were required to be expensed in 2006. Stock options were last granted to Directors in 2004.

Because of the factors discussed above, there are a few Directors whose total compensation as listed in the Director Summary Compensation Table varies somewhat from that of other Directors: Mr. Clark s total compensation is lower than others because he joined the Board in June of 2006; Dr. Coye s total compensation is higher than others because she joined the Board in October of 2005 and her grant of initial stock awards made at that time, which are amortized over three years, is still being expensed and is therefore included in the Stock Award column of the Director Summary Compensation Table; and Mr. Graves total compensation is higher than others because he has reached retirement age eligibility for purposes of vesting under the Aetna Inc. Non-Employee Director Compensation Plan (the Director Plan). As a result, all stock awards made to Mr. Graves in 2006, although the same as those made to other Directors, were required to be expensed when granted.

Director Summary Compensation Table

Name	Fees Earned or Paid in Cash (1)	Stock Awards (2)	Option Awards (3)	All Other Compensation (4)	Total
Frank M. Clark	$ 23,168	$ 43,180	$ 0	$ 42,494	$108,842
Betsy Z. Cohen	63,000	82,842	4,331	44,186	194,359
Molly J. Coye, M.D.	56,334	136,780	0	42,674	235,788
Barbara Hackman Franklin	63,000	82,842	4,331	44,186	194,359
Jeffrey E. Garten	61,000	82,842	4,331	43,088	191,261
Earl G. Graves	67,000	112,248	4,331	45,608	229,187
Gerald Greenwald	64,000	90,194	4,331	45,608	204,133
Ellen M. Hancock	59,000	82,842	4,331	43,088	189,261
Michael H. Jordan	61,000	82,842	4,331	45,608	193,781
Edward J. Ludwig	72,000	85,506	0	42,674	200,180
Joseph P. Newhouse	70,000	81,476	4,331	43,088	198,895

(1) The amounts shown in this column include compensation that was deferred by Directors during 2006 under the Director Plan. See Additional Director Compensation Information on page 24 for a discussion of Director compensation deferrals. This column consists of the following:

Activity	Fees Earned or Paid in Cash
Annual Retainer Fee	$25,000
Chairman of the Audit Committee	15,000
Chairman of the Committee on Compensation and Organization	10,000
Chairman of the Nominating and Corporate Governance Committee	10,000
Chairman of the Investment and Finance Committee	7,000
Chairman of the Medical Affairs Committee	7,000
Committee Membership (not paid to a Director for membership on a Committee which such Director chairs)	4,000

Board and/or Committee Meeting Attendance Fee (per meeting)	1,000

(2) Amounts shown in the table represent the estimated fair value, for accounting purposes, related to deferred stock units and restricted stock units (RSUs) granted in 2006 and prior years, and required to be expensed in 2006. Refer to page 72 of Aetna s 2006 Annual Report, Financial Report to Shareholders for all relevant valuation assumptions regarding the 2006 RSUs included in this table. On April 28, 2006, each nonmanagement Director then in office was granted 1,309 annual deferred stock units (Annual Units), except for Mr. Clark who joined the Board on June 29, 2006 and

23

Table of Contents

received at that time a grant of 6,000 initial deferred stock units (Initial Units). Also, on February 10, 2006, Aetna granted each nonmanagement Director then in office 1,004 RSUs. As indicated above, the amounts in this column reflect stock awards required to be expensed in 2006, which only include a portion of the 2006 stock awards. The full grant date value of deferred stock units and RSUs granted in 2006 for each Director was $100,803, except for Mr. Clark, whose full grant date value was $235,440 based solely on his receipt of Initial Units. The full grant date values for each Director, other than Mr. Clark who only received Initial Units, are comprised of the Annual Units, $50,397, and RSUs, $50,406. See Additional Director Compensation Information below on this page for a discussion of Initial Units, Annual Units, RSUs and the deferrals of each.

As of December 31, 2006, the number of outstanding stock awards, consisting solely of RSUs, held by each Director is as follows: Frank M. Clark, 0; Betsy Z. Cohen, 2,044; Molly J. Coye, M.D., 1,004; Barbara Hackman Franklin, 2,044; Jeffrey E. Garten, 2,044; Earl G. Graves, 2,044; Gerald Greenwald, 2,044; Ellen M. Hancock, 2,044; Michael H. Jordan, 2,044; Edward J. Ludwig, 2,044; and Joseph P. Newhouse, 2,044. Refer to the Beneficial Ownership Table on page 28 for a complete list of all Director stock holdings.

(3) No stock options or stock appreciation rights (SARs) were awarded to the Directors during 2006. Amounts shown in the table represent the fair value, for accounting purposes, relating to options that were granted in 2003 and required to be expensed in 2006. Refer to page 58 of Aetna s 2003 Annual Report, Financial Report to Shareholders for all relevant valuation assumptions on the 2003 stock option grants included in this table. As of December 31, 2006, the number of outstanding options held by each Director is as follows: Frank M. Clark, 0; Betsy Z. Cohen, 55,200; Molly J. Coye, M.D., 0; Barbara Hackman Franklin, 6,400; Jeffrey E. Garten, 34,132; Earl G. Graves, 55,200; Gerald Greenwald, 34,132; Ellen M. Hancock, 31,290; Michael H. Jordan, 55,200; Edward J. Ludwig, 14,000; and Joseph P. Newhouse, 35,068. The Company does not currently grant SARS or stock options to Directors.

(4) All Other Compensation consists of the following. See Additional Director Compensation Information below on this page for a discussion of each component of All Other Compensation.

	Group Life Insurance, Accidental Death and Dismemberment and Business Travel Insurance Premiums	Charitable Award Program(a)	Total
Frank M. Clark	$ 594	$ 41,900	$42,494
Betsy Z. Cohen	2,286	41,900	44,186
Molly J. Coye, M.D.	774	41,900	42,674
Barbara Hackman Franklin	2,286	41,900	44,186
Jeffrey E. Garten	1,188	41,900	43,088
Earl G. Graves	3,708	41,900	45,608
Gerald Greenwald	3,708	41,900	45,608
Ellen M. Hancock	1,188	41,900	43,088
Michael H. Jordan	3,708	41,900	45,608
Edward J. Ludwig	774	41,900	42,674
Joseph P. Newhouse	1,188	41,900	43,088

(a) Refer to Director Charitable Award Program beginning on page 25 for information about the valuation of the Charitable Award Program

Additional Director Compensation Information

Director Deferrals

The amounts shown in the Fees Earned or Paid in Cash and Stock Awards columns include amounts that were deferred by Directors during 2006 under the Director Plan. Under the Director Plan, nonmanagement Directors may defer payment of some or all of their annual retainer fees, meeting fees and dividend equivalents paid on stock units to an unfunded stock unit account or unfunded interest account until after

Table of Contents

they have resigned or retired (as defined in the Director Plan) from the Board or elect to diversify their stock unit holdings as described below. During the period of deferral, amounts deferred to the stock unit account track the value of the Common Stock and earn dividend equivalents. During the period of deferral, amounts deferred to the interest account accrue interest pursuant to a formula equal to the rate of interest paid from time to time under the fixed interest rate fund option of the 401(k) Plan (5.0% per year for the period January to June 2007). Under the Director Plan, beginning at age 68 Directors are allowed to make an annual election to diversify up to 100% of their voluntarily deferred stock unit account (annual cash retainer and meeting fees) out of stock units and into an interest account. During 2006, two Directors made such a diversification election. Directors who make a diversification election remain subject to the Board s Director Stock Ownership Guidelines.

Stock Unit and RSU Awards

Pursuant to the Director Plan, nonmanagement Directors, upon their initial election to the Board, receive a one-time grant of deferred stock units convertible upon retirement from Board service into 6,000 shares of Common Stock (Initial Units). Additionally, on the date of each Annual Meeting during the term of the Director Plan, each nonmanagement Director then in office is granted deferred stock units convertible upon retirement from Board service into shares of Common Stock (Annual Units). On April 28, 2006, each nonmanagement Director then in office was granted 1,309 Annual Units, which were valued at $50,397 as of the date of grant. Generally, to become fully vested in these units, a Director must complete, in the case of the Initial Units, three years of service and, in the case of the Annual Units, one year of service following the grant of the units. If service is sooner terminated by reason of death, disability, retirement or acceptance of a position in government service, a Director is entitled to receive the full grant if the Director has completed a minimum of six consecutive months of service as a Director since such grant.

A Director s right with respect to unvested units also will vest upon a change-in-control of Aetna (as defined in the Director Plan). If a Director terminates Board service prior to completion of three years or one year of service, as applicable, from the grant date of any units that have not otherwise vested under the terms of the Director Plan, the Director will be entitled to receive a pro rata portion of the award. Although Directors receive dividend equivalents on the deferred stock units, they have no voting rights with respect to the units granted. The deferred stock units granted are not transferable.

Nonmanagement Directors were granted restricted stock units (RSUs) under the Director Plan during 2006. On February 10, 2006, Aetna granted each nonmanagement Director then in office 1,004 RSUs, which were valued at $50,406 as of the date of grant. The RSUs vest in three substantially equal annual installments beginning February 10, 2007, and are payable at vesting in shares of Common Stock. The RSUs granted to a nonmanagement Director will vest immediately if the Director ceases to be a Director because of death, disability, retirement or his or her acceptance of a position in government service. All RSUs granted to nonmanagement Directors also will vest immediately upon a change-in-control of Aetna (as defined in the Director Plan).

Director Charitable Award Program

As previously indicated, Aetna maintains the 1999 Director Charitable Award Program as part of its overall program of support for charitable institutions and in order to attract and retain qualified Directors in the increasingly competitive environment for talent. Only nonmanagement Directors are eligible to participate in the program. The program may be funded by life insurance on the lives of the participating Directors. Each of the nonmanagement Directors other than Mr. Clark, Dr. Coye and Mr. Ludwig is fully vested in the program. Mr. Clark, Dr. Coye and Mr. Ludwig and each new Director who participates in the program will be fully vested in the program upon completion of five years of service as a Director or upon death or disability. Mr. Ludwig will vest in the program in July of 2008, Dr. Coye will vest in the program in October of 2010 and Mr. Clark will vest in the program in June of 2011. Under the program, Aetna intends to make a charitable contribution of $1 million in ten equal annual installments allocated among up to five charitable organizations recommended by the Director. The first installment under the Charitable Award Program is made once each participating Director reaches a qualifying age. The qualifying age had been set equal to the Board s mandatory retirement age. In connection with the raising of the retirement age from 72 to 75 in early 2007, the Board determined that installment contributions under the Program for Directors in office when the retirement age was raised will continue to begin at age 72, or at a later time if requested by the Director. This determination recognizes that certain charitable organizations had already been notified that they were recommended by a Director to receive a contribution following the Director s anticipated retirement date, and the Company did not want the retirement age increase to adversely impact these organizations. For any new Directors, installments would begin after the Director reaches the retirement age of 75. Beneficiary organizations recommended by Directors must be, among other things, tax exempt under Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the Code). Donations Aetna ultimately makes are expected to be deductible from taxable income for purposes of U.S. federal and other income taxes payable by Aetna. Directors derive no personal financial or tax benefit from the program, since all insurance proceeds and charitable deductions accrue solely to Aetna.

The Charitable Award Program values in footnote 4 to the Director Summary Compensation Table on page 24 represent an estimate of the present value of the total annual economic net cost of the Program, pre-tax, for current and former Directors, allocated equally among the current Directors. The present value calculation considers estimates of (a) premiums paid on whole life insurance policies purchased with respect to certain of the Directors to fund part of the program; (b) the expected future charitable contributions to be paid by Aetna on behalf of current and former Directors; (c) expenses associated with administering the program; and (d) the expected future proceeds from such whole life insurance policies which are, in turn, based on expected mortality, as well as assumptions regarding future investment returns of the policies. The discount rate applied in such present value calculation is 4.75%, which represents the rate of interest paid from time to time under the fixed interest rate fund option of the 401(k) Plan for the period July to December 2006.

Other Benefits

Aetna provides $150,000 of group life insurance/accidental death and dismemberment/business travel insurance for its nonmanagement Directors. Optional medical, dental and long-term care coverage for nonmanagement Directors and their eligible dependents is available to Directors at a cost similar to that charged to Company employees and may be continued into retirement by eligible Directors. Aetna also reimburses nonmanagement Directors for the out-of-pocket expenses they incur that are attendant to Board membership, including travel expenses incurred in connection with attending Board, Committee and shareholder meetings and for other Company-business related expenses (including the travel expenses of spouses if they are specifically invited to attend the event). From time to time, Aetna also may transport Directors to and from Board meetings or Directors and their guests to and from other Company functions on Company aircraft.

2007 Nonmanagement Director Compensation

On January 26, 2007, the Board voted to approve the Director compensation package for nonmanagement Directors for 2007. The Board set the total value of target compensation for 2007 at approximately $257,000, consisting of stock-based compensation, cash and benefits, and the estimated cost of the Charitable Award Program. The 2007 target compensation level is also approximately equal to the median nonmanagement Director compensation for 2006 at a relevant comparative group of public companies (which was the same comparative group used in setting 2006 target compensation levels). The annual retainer has been increased to $50,000 and meeting fees have been eliminated for 2007. The Nominating Committee and the Board believe that the increase in compensation from the 2006 level is in line with competitive compensation practices, and that the elimination of separate meeting fees reflects best practices. In addition, for 2007, the retainer for the Chairman of both the Medical Affairs Committee and the Investment and Finance Committee has increased from $7,000 to $8,000. Committee member retainers remain at $4,000, but were increased to $7,500 for Audit Committee members and $5,000 for members of

Table of Contents

the Compensation Committee and Nominating Committee, in light of the demands of service on those Committees.

Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Securities Exchange Act of 1934 requires our Directors, our executive officers and certain other persons to file reports of holdings and transactions in Aetna Common Stock with the SEC. Based on our records and other information, we believe that during our fiscal year ended December 31, 2006, our Directors and executive officers timely met all applicable SEC filing requirements.

Security Ownership of Certain Beneficial Owners, Directors, Nominees and Executive Officers

The following table presents, as of December 31, 2006, the names of the only persons known to Aetna to be the beneficial owners of more than 5% of the outstanding shares of its Common Stock. The information set forth in the table below and in the related footnotes was furnished by the identified persons to the SEC.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent
Legg Mason Capital Management, Inc. 100 Light Street Baltimore, Maryland 21202	44,273,619 shares(1)	8.58%
Capital Research and Management Company 333 South Hope Street Los Angeles, CA 90071	38,660,000 shares(2)	7.49%
State Street Bank and Trust Company, Trustee 225 Franklin Street Boston, Massachusetts 02110	28,871,314 shares(3)	5.60%

(1) Of the reported shares of Common Stock, Legg Mason Capital Management, Inc. reports that it shares voting and dispositive power with respect to 44,273,619 shares.

(2) Of the reported shares of Common Stock, Capital Research and Management Company reports that it has sole voting power with respect to 9,300,000 shares, and has sole dispositive power with respect to 38,660,000 shares.

(3) Of the reported shares of Common Stock, State Street Bank and Trust Company, Trustee, reports that it has sole voting power with respect to 15,761,973 shares, shares voting power with respect to 13,109,341 shares and shares dispositive power with respect to 28,871,314 shares. Of the reported shares of Common Stock, 13,109,341 shares are held by State Street in its capacity as the trustee of Aetna s 401(k) Plan.

Table of Contents

Beneficial Ownership Table

The following table presents, as of February 23, 2007, the beneficial ownership of, and other interests in, shares of Common Stock of each current Director, each Nominee, each executive officer named in the Summary Compensation Table on page 39, and Aetna s Directors and executive officers as a group. The information set forth in the table below and in the related footnotes has been furnished by the respective persons.

	Amount and Nature of Beneficial Ownership			
Name of Beneficial Owner and Position	**Common Stock**	**Percent**	**Common Stock Equivalents**	**Total**
Frank M. Clark (current Director and Nominee)	1,000(1)		7,391(16)	8,391
Betsy Z. Cohen (current Director and Nominee)	71,484(2)	*	57,870(16)	129,354
Molly J. Coye, M.D. (current Director and Nominee)	249	*	11,237(16)	11,486
Barbara Hackman Franklin (current Director and Nominee)	26,160(3)	*	41,224(16)	67,384
Jeffrey E. Garten (current Director and Nominee)	36,308(4)	*		