

AETNA INC /PA/
Form 424B5
May 02, 2012
Table of Contents

Filed Pursuant to Rule 424(b)(5)

Registration No. 333-178272

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Aggregate	
		Offering Price	Registration Fee(1)
1.750% Senior Notes due May 15, 2017	\$250,000,000	99.340%	\$28,650
4.500% Senior Notes due May 15, 2042	\$500,000,000	95.774%	\$57,300

(1) Calculated in accordance with Rule 457(r) of the Securities Act of 1933.

Table of Contents**PROSPECTUS SUPPLEMENT**

May 1, 2012

(To Prospectus Dated December 2, 2011)

\$750,000,000**\$250,000,000 1.750% Senior Notes Due 2017****\$500,000,000 4.500% Senior Notes Due 2042**

We are offering \$250,000,000 aggregate principal amount of our 1.750% senior notes due 2017 (the 2017 Notes) and \$500,000,000 aggregate principal amount of our 4.500% senior notes due 2042 (the 2042 Notes). The 2017 Notes and the 2042 Notes are collectively referred to herein as the Notes.

The 2017 Notes will bear interest at a rate of 1.750% per year and will mature on May 15, 2017. The 2042 Notes will bear interest at a rate of 4.500% per year and will mature on May 15, 2042. Interest on the Notes of each series is payable on May 15 and November 15 of each year, beginning November 15, 2012. We may redeem the Notes of either series at any time, in whole or in part, at the redemption prices described in this prospectus supplement.

The Notes will be unsecured senior obligations of our company and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness.

The Notes will not be listed on any securities exchange. Currently, there is no public market for the Notes.

Investing in the Notes involves risks. See Forward-Looking Information/Risk Factors beginning on page 41 of our 2011 Aetna Annual Report, Financial Report to Shareholders incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2011, as updated by our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the related prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	Public Offering Price(1)	Underwriting Discounts and Commissions	Proceeds to Aetna Inc. (before expenses)
Per 2017 Note	99.340%	0.600%	98.740%
2017 Note Total	\$ 248,350,000	\$ 1,500,000	\$ 246,850,000
Per 2042 Note	95.774%	0.875%	94.899%
2042 Note Total	\$ 478,870,000	\$ 4,375,000	\$ 474,495,000

Total	\$ 727,220,000	\$ 5,875,000	\$ 721,345,000
-------	----------------	--------------	----------------

(1) Plus accrued interest, if any, from May 4, 2012, if settlement occurs after that date.
 The underwriters expect to deliver the Notes in registered book-entry form only through the facilities of The Depository Trust Company (DTC) for the benefit of its direct and indirect participants, including Euroclear System (Euroclear) and Clearstream Banking, S.A. (Clearstream), to purchasers on or about May 4, 2012.

Joint Book-Running Managers

Barclays

BofA Merrill Lynch

Citigroup

Credit Suisse

Senior Co-Managers

Goldman, Sachs & Co.

UBS Investment Bank

J.P. Morgan

US Bancorp

Co-Managers

Morgan Stanley

Wells Fargo Securities

RBS

BNY Mellon Capital Markets, LLC

Mitsubishi UFJ Securities

Fifth Third Securities, Inc.

PNC Capital Markets LLC

HSBC

SunTrust Robinson Humphrey

Table of Contents

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus or in any free writing prospectus prepared by us or on our behalf or to which we have referred you. Neither we nor the underwriters take any responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on this prospectus supplement.

This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell these securities. The information in this prospectus supplement and the accompanying prospectus may only be accurate as of the date of this prospectus supplement, the accompanying prospectus or the information incorporated by reference herein or therein, and the information in any free writing prospectus may only be accurate as of the date of such free writing prospectus. Our business, financial condition, results of operations and/or prospects may have changed since those dates.

TABLE OF CONTENTS

PROSPECTUS SUPPLEMENT

<u>The Offering</u>	Page S-1
<u>The Company</u>	S-3
<u>Where You Can Find More Information</u>	S-3
<u>Capitalization</u>	S-4
<u>Use of Proceeds</u>	S-5
<u>Selected Financial Information</u>	S-6
<u>Description of the Notes</u>	S-7
<u>Underwriting</u>	S-15
<u>Validity of the Notes</u>	S-19
<u>ERISA Matters</u>	S-19
<u>New United States Federal Tax Regulations</u>	S-19

PROSPECTUS

<u>The Company</u>	1
<u>About This Prospectus</u>	1
<u>Where You Can Find More Information</u>	1
<u>Special Note on Forward-Looking Statements and Risk Factors</u>	2
<u>Use of Proceeds</u>	3
<u>Description of Capital Stock</u>	3
<u>Description of Debt Securities</u>	9
<u>Form of Debt Securities</u>	16
<u>Description of Warrants</u>	18
<u>Description of Purchase Contracts and Units</u>	18
<u>Certain United States Federal Tax Consequences</u>	19
<u>Plan of Distribution</u>	25
<u>Validity of Securities</u>	26
<u>Independent Registered Public Accounting Firm</u>	26
<u>ERISA Matters</u>	26

Table of Contents

In this prospectus supplement and the accompanying prospectus, all references to Aetna, the Company, we, us and our refer to Aetna Inc. and its consolidated subsidiaries, unless the context otherwise requires. The underwriters refers to the financial institutions named on the front cover of this prospectus supplement.

We are offering the Notes globally for sale in those jurisdictions in the United States, Europe, Asia and elsewhere where it is lawful to make such offers. The distribution of this prospectus supplement and the accompanying prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. Persons who receive this prospectus supplement and the accompanying prospectus should inform themselves about and observe any such restrictions. This prospectus supplement and the accompanying prospectus do not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such offer or solicitation. See Underwriting.

Table of Contents

THE OFFERING

The offering terms of the Notes are summarized below solely for your convenience. This summary is not a complete description of the Notes. You should read the full text and more specific details contained elsewhere in this prospectus supplement and the accompanying prospectus. For a more detailed description of the Notes, see the discussion under the caption "Description of the Notes" beginning on page S-7 of this prospectus supplement.

Issuer

Aetna Inc.

Notes Offered

\$250,000,000 aggregate principal amount of 1.750% senior notes due 2017 (the "2017 Notes") and \$500,000,000 aggregate principal amount of 4.500% senior notes due 2042 (the "2042 Notes"). The "2017 Notes" and the "2042 Notes" are collectively referred to herein as the "Notes".

Maturity

The 2017 Notes will mature on May 15, 2017. The 2042 Notes will mature on May 15, 2042.

Interest Payment Dates

May 15 and November 15, beginning November 15, 2012.

Optional Redemption

At any time prior to April 15, 2017 (one month prior to the maturity date of the 2017 Notes), we may redeem the 2017 Notes, in whole or in part, at the redemption price described in this prospectus supplement, plus any interest accrued but not paid to the date of redemption. At any time on or after April 15, 2017 (one month prior to the maturity date of the 2017 Notes), we may redeem the 2017 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2017 Notes being redeemed, plus any interest accrued but not paid to the date of redemption.

At any time prior to November 15, 2041 (six months prior to the maturity date of the 2042 Notes), we may redeem the 2042 Notes, in whole or in part, at the redemption price described in this prospectus supplement, plus any interest accrued but not paid to the date of redemption. At any time on or after November 15, 2041 (six months prior to the maturity date of the 2042 Notes), we may redeem the 2042 Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the 2042 Notes being redeemed, plus any interest accrued but not paid to the date of redemption.

We are not required to establish a sinking fund to retire or repay the Notes of either series.

Repurchase upon Change of Control

Upon the occurrence of both (1) a Change of Control (as defined in "Description of the Notes") and (2) a downgrade of the Notes of a series below an investment grade rating by each of the Rating Agencies (as defined in "Description of the Notes") within a specified period, we will be required to make an offer to purchase all of the Notes of such series at a price equal to 101% of the principal amount of the Notes of such series, plus any accrued and unpaid interest to the date of repurchase. See "Description of the Notes" Repurchase Upon a Change of Control.

Table of Contents

Ranking

The Notes will be our senior unsecured and unsubordinated obligations and will rank equally with all of our other existing and future unsecured and unsubordinated indebtedness. See Description of the Notes.

Additional Issuances

In the future we may, without the consent of the holders of the Notes of a series, increase the aggregate principal amount of Notes of such series offered on the same terms and conditions (except that the public offering price, issue date and first interest payment date may vary).

Use of Proceeds

We expect to use the estimated \$720,345,000 in net proceeds after deducting underwriting discounts and commissions and estimated offering expenses from this offering for general corporate purposes, which may include the repayment of our short-term debt, the redemption or repurchase of our outstanding securities and funding our working capital. See Use of Proceeds.

Covenants

The indenture for the Notes limits our ability to consolidate with or merge with or into any other person (other than in a merger or consolidation in which we are the surviving person) or sell our property or assets as, or substantially as, an entirety to any person. This covenant is subject to important qualifications and limitations. See Description of Debt Securities Consolidation, Merger and Sale of Assets in the accompanying prospectus.

The indenture for the Notes does not restrict our ability to incur additional indebtedness. Under the terms of the Notes, the holders of the Notes will not have the benefit of the covenant in the indenture for the Notes described under Description of Debt Securities Limitations on Liens on Common Stock of Principal Subsidiaries in the accompanying prospectus.

No Cross-Default

Under the terms of the Notes, the holders of the Notes will not have the benefit of the cross-acceleration event of default in the indenture for the Notes described in the fourth bullet under Description of Debt Securities Events of Default and Notice Thereof in the accompanying prospectus.

Minimum Denominations

The Notes will be issued and may be transferred only in minimum denominations of \$2,000 and multiples of \$1,000 in excess thereof.

Risk Factors

For a discussion of factors you should carefully consider before deciding to purchase the Notes, see Forward-Looking Information/ Risk Factors beginning on page 41 of our 2011 Aetna Annual Report, Financial Report to Shareholders (the 2011 Annual Report), incorporated by reference in, and filed with the Securities and Exchange Commission (the SEC) as an exhibit to, our Annual Report on Form 10-K for the fiscal year ended December 31, 2011, as updated by our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012 and in any subsequent filings with the SEC that are incorporated by reference herein.

Table of Contents

THE COMPANY

We are one of the nation's leading diversified health care benefits companies, serving approximately 36.1 million people at March 31, 2012, with information and resources to help them make better informed decisions about their health care. At March 31, 2012, we served approximately 17.9 million medical members, 13.6 million dental members and 8.6 million pharmacy benefit management services members. We offer a broad range of traditional and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, medical management capabilities, Medicaid health care management services and health information technology services. Our customers include employer groups, individuals, college students, part-time and hourly workers, health plans, health care providers, governmental units, government-sponsored plans, labor groups and expatriates. Our operations are conducted in three business segments: Health Care, Group Insurance and Large Case Pensions.

Our principal executive offices are located at 151 Farmington Avenue, Hartford, Connecticut 06156, and our telephone number is (860) 273-0123. Internet users can obtain information about Aetna and its services at <http://www.aetna.com>. This text is not an active link, and our website and the information contained on that site, or connected to that site, are not incorporated into this prospectus supplement.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document that we file at the Public Reference Room of the SEC at 100 F Street, N.E., Washington, D.C. 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. In addition, the SEC maintains an Internet site at <http://www.sec.gov>, from which interested persons can electronically access our filings with the SEC, including the registration statement containing this prospectus supplement (including the exhibits and schedules thereto).

The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is an important part of this prospectus supplement, and information that we file later with the SEC prior to the termination of the offering under this prospectus supplement will automatically update and supersede this information. We incorporate by reference the documents listed below and all documents we file with the SEC pursuant to Section 13(a), 13(c), 14, or 15(d) of the Securities Exchange Act of 1934, as amended (the Exchange Act), prior to the termination of the offering under this prospectus supplement:

- (a) Our Current Reports on Form 8-K filed on February 28, 2012 and March 28, 2012;
- (b) Our Quarterly Report on Form 10-Q for the quarter ended March 31, 2012;
- (c) Our 2011 Annual Report on Form 10-K for the year ended December 31, 2011, including our 2011 Annual Report; and
- (d) Our Definitive Proxy Statement on Schedule 14A filed on April 9, 2012 (solely to the extent incorporated by reference into Part III of our 2011 Annual Report on Form 10-K).

You may request a free copy of these filings by writing, telephoning, sending a facsimile to or e-mailing the office of the Corporate Secretary, Aetna Inc., 151 Farmington Avenue, RW61, Hartford, Connecticut 06156-3124, Telephone: (860) 273-0123, Facsimile: (860) 293-1361, E-mail: shareholderrelations@aetna.com.

Table of Contents**CAPITALIZATION**

The following table shows our capitalization on a consolidated basis as of March 31, 2012 (unaudited) and as adjusted for the sale of \$250,000,000 aggregate principal amount of 2017 Notes and \$500,000,000 aggregate principal amount of 2042 Notes offered by this prospectus supplement.

	Actual	As Adjusted (Millions)
Short-term debt:		
Commercial paper program(1)	\$ 150.0	\$ 150.0
Total short-term debt	\$ 150.0	\$ 150.0
Long-term debt:		
Senior notes, 6.0% due 2016	748.2	748.2
Senior notes, 6.5% due 2018	499.1	499.1
Senior notes, 3.95% due 2020	742.8	742.8
Senior notes, 4.125% due 2021	493.6	493.6
Senior notes, 6.625% due 2036	798.7	798.7
Senior notes, 6.75% due 2037	695.9	695.9
Senior notes, 1.750% due 2017		248.4
Senior notes, 4.500% due 2042		478.9
Total long-term debt	\$ 3,978.3	\$ 4,705.6
Shareholders' equity:		
Common stock (\$.01 par value; 2.6 billion shares authorized and 347.4 million shares issued and outstanding) and additional paid-in capital	\$ 994.1	\$ 994.1
Retained earnings	10,452.6	10,452.6
Accumulated other comprehensive loss	(1,147.7)	(1,147.7)
Total shareholders' equity	10,299.0	10,299.0
Total Capitalization	\$ 14,427.3	\$ 15,154.6

(1) At April 30, 2012, we had approximately \$400 million of commercial paper outstanding.

Table of Contents

USE OF PROCEEDS

Our net proceeds from this offering are estimated to be approximately \$720,345,000 after deducting underwriting discounts and commissions and estimated offering expenses. We expect to use the net proceeds for general corporate purposes, which may include the repayment of our short-term debt, the redemption or repurchase of our outstanding securities and funding our working capital. Certain of the underwriters participating in this offering are dealers in our commercial paper program and certain of the underwriters and their affiliates may hold positions in our outstanding securities. To the extent that we use the proceeds of this offering to repay our outstanding commercial paper or purchase our outstanding securities, certain of those underwriters or their affiliates may receive proceeds from this offering as a result of their ownership of such securities. See Underwriting.

S-5

Table of Contents**SELECTED FINANCIAL INFORMATION**

The following table sets forth our selected consolidated financial data for each of the years ended December 31, 2007 through 2011, and the three-month periods ended March 31, 2012 and March 31, 2011. The financial data for the three-month periods ended March 31, 2012 and March 31, 2011 is derived from our unaudited financial statements. The unaudited financial statements reflect all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of our financial position and results of operations during that period and as of that date. Operating results for the three months ended March 31, 2012 are not necessarily indicative of those to be expected for the full fiscal year.

The following information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2012 and our 2011 Annual Report, each filed with the SEC and incorporated by reference in this prospectus supplement. For additional information, see Where You Can Find More Information in this prospectus supplement.

(Millions)	Three Months Ended		Years Ended December 31,				
	2012	March 31, 2011	2011	2010	2009	2008	2007
INCOME STATEMENT DATA:							
Total revenue	\$ 8,915.8	\$ 8,387.8	\$ 33,779.8	\$ 34,246.0	\$ 34,764.1	\$ 30,950.7	\$ 27,599.6
Health care costs	5,857.5	5,348.0	21,653.5	22,719.6	24,061.2	20,785.5	17,294.8
Current and future benefits	510.9	485.5	1,876.5	2,013.4	2,078.1	1,938.7	2,248.1
Operating expenses	1,666.0	1,563.5	6,804.4	6,519.0	6,383.0	5,751.5	5,046.4
Interest expense	59.3	66.1	246.9	254.6	243.4	236.4	180.6
Amortization of other acquired intangible assets	37.8	26.3	120.7	95.2	97.2	108.2	97.6
Reduction of reserve for anticipated future losses on discontinued products						(43.8)	(64.3)
Total benefits and expenses	8,131.5	7,489.4	30,702.0	31,601.8	32,862.9	28,776.5	24,803.2
Income from continuing operations before income taxes	784.3	898.4	3,077.8	2,644.2	1,901.2	2,174.2	2,796.4
Income taxes	273.3	312.4	1,092.1	877.4	624.7	790.1	965.4
Income from continuing operations	\$ 511.0	\$ 586.0	\$ 1,985.7	\$ 1,766.8	\$ 1,276.5	\$ 1,384.1	\$ 1,831.0
BALANCE SHEET DATA (AT PERIOD END):							
Total assets	\$ 39,336.1	\$ 37,801.3	\$ 38,593.1	\$			