

AETNA INC /PA/
Form 424B5
September 10, 2008

Table of Contents**CALCULATION OF REGISTRATION FEE**

| Title of Each Class of Securities to be Registered | Amount to be Registered | Aggregate Offering Price | Registration Fee(1) |
|---|------------------------------------|---|--------------------------------|
| 6.50% Senior Notes due 2018 | \$ 500,000,000 | 99.716 % | \$ 19,650 |

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

**Filed Pursuant to Rule 424(b)(5)
Registration No. 333-130126**

PROSPECTUS SUPPLEMENT

September 9, 2008

(To Prospectus Dated December 5, 2005)

AETNA INC.**\$500,000,000 6.50% Senior Notes Due 2018**

We are offering \$500,000,000 of our 6.50% senior notes due 2018 (the Notes).

The Notes will bear interest at a rate of 6.50% per year. Interest on the Notes is payable on March 15 and September 15 of each year, beginning on March 15, 2009. The Notes will mature on September 15, 2018. We may redeem the Notes 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 senior indebtedness.

Investing in the Notes involves risks. See Forward-Looking Information/Risk Factors in our 2007 Aetna Annual Report, Financial Report to Shareholders incorporated by reference into our Annual Report on Form 10-K for the year ended December 31, 2007.

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.

| | Per Note | Total |
|--|-----------------|----------------|
| Public Offering Price ⁽¹⁾ | 99.716% | \$ 498,580,000 |
| Underwriting Discount | 0.650% | \$ 3,250,000 |
| Proceeds to Aetna Inc. (before expenses) | 99.066% | \$ 495,330,000 |

(1) Plus accrued interest, if any, from September 12, 2008, 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 and its direct and indirect participants, including Euroclear and Clearstream, Luxembourg to purchasers on or about September 12, 2008.

| | | |
|---|---|---|
| Banc of America Securities LLC | <i>Joint Book-Running Managers</i> Citi | J.P. Morgan |
| | <i>Senior Co-Managers</i> Credit Suisse RBS Greenwich Capital | Goldman, Sachs & Co. UBS Investment Bank |
| Barclays Capital Morgan Stanley Wachovia Securities | <i>Co-Managers</i> Fifth Third Securities, Inc. National City Capital Markets SunTrust Robinson Humphrey | Lazard Capital Markets Piper Jaffray Wells Fargo Securities |

You should rely only on the information contained in or incorporated by reference in this prospectus supplement and the accompanying prospectus and in any free writing prospectus filed by the Company with the Securities and Exchange Commission. If information in this prospectus supplement is inconsistent with the accompanying prospectus, you should rely on the prospectus supplement. We and the underwriters have not authorized anyone to provide you with information that is different. 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.

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In this prospectus supplement and the accompanying prospectus, all references to Aetna, the Company, we, us and 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.

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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-8 of this prospectus supplement.

| | |
|-----------------------------------|---|
| Issuer | Aetna Inc. |
| Notes Offered | \$500,000,000 aggregate principal amount of 6.50% senior notes due 2018 (the "Notes"). |
| Maturity | The Notes will mature on September 15, 2018. |
| Interest Payment Dates | March 15 and September 15, beginning March 15, 2009. |
| Optional Redemption | We may redeem the Notes at any time, in whole or in part, at the redemption prices described in this prospectus supplement. We are not required to establish a sinking fund to retire or repay the Notes. |
| Repurchase upon Change of Control | Upon the occurrence of both (1) a change of control of us and (2) a downgrade of the Notes below an investment grade rating by each of Moody's Investors Service, Inc., Standard & Poor's Ratings Services and Fitch Ratings Inc. within a specified period, we will be required to make an offer to purchase all of the Notes at a price equal to 101% of the principal amount of the Notes, plus any accrued and unpaid interest to the date of repurchase. See "Description of the Notes" Repurchase Upon a Change of Control. |
| Ranking | The Notes will be our senior unsecured and unsubordinated obligations and will rank equally with all of our existing and future senior unsecured indebtedness and senior to all of our subordinated indebtedness. See "Description of the Notes." |
| Additional Issuances | In the future we may, without the consent of the holders of the Notes, increase the aggregate principal amount of Notes offered on the same terms and conditions. |
| Use of Proceeds | We will use the estimated \$494,715,000 in net proceeds after deducting underwriting discounts and estimated offering expenses from this offering to repay outstanding commercial paper borrowings. At September 2, 2008, we had approximately \$854 million of commercial paper outstanding. See "Use of Proceeds." |
| Covenants | The indenture for the Notes contains limitations on liens on common stock of our Principal Subsidiaries (as defined in the indenture) and 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. These covenants are subject to important qualifications and limitations. See Description of Debt Securities Limitations on Liens on Common Stock of Principal Subsidiaries and Consolidation, Merger and Sale of Assets in the accompanying prospectus.

Except for the limitation on liens, the indenture for the Notes does not restrict our ability to incur additional indebtedness.

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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* in our 2007 Aetna Annual Report, Financial Report to Shareholders (the *2007 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, 2007, as updated in any subsequent filings with the SEC that are incorporated by reference herein.

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THE COMPANY

We are one of the nation's leading diversified health care benefits companies, serving approximately 37.2 million people at June 30, 2008, with information and resources to help them make better informed decisions about their health care. At June 30, 2008, we served approximately 17.5 million medical members, 14.1 million dental members and 11.0 million pharmacy members. At June 30, 2008, we also had over 855,000 health care professionals, including hospitals and pharmacies, participating in our networks nationwide. 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, and medical management capabilities and health care management services for Medicaid plans. We offer these products on both an insured and employer-funded basis. We offer our products in all 50 states, and our customers include employer groups, individuals, college students, part-time and hourly workers, health plans, governmental units, government-sponsored plans, labor groups and expatriates. We also have a large case pensions business that manages a variety of discontinued and other retirement products (including pension and annuity products) primarily for tax qualified pension plans of large customers.

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 April 1, 2008, June 3, 2008 and August 6, 2008;
- (b) Our Quarterly Report on Form 10-Q for the three months ended March 31, 2008, and Quarterly Report on Form 10-Q/A for the three months ended June 30, 2008; and
- (c) Our Annual Report on Form 10-K for the fiscal year ended December 31, 2007.

You may request a free copy of these filings by writing or telephoning the office of the Corporate Secretary, Aetna Inc., 151 Farmington Avenue, RW61, Hartford, Connecticut 06156, Telephone: (860) 273-4970.

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The following table shows our capitalization on a consolidated basis as of June 30, 2008 (unaudited) and as adjusted for the sale of \$500,000,000 aggregate principal amount of Notes offered by this prospectus supplement and the application of the net proceeds from that sale to the repayment of outstanding commercial paper balances as described in Use of Proceeds.

| (In millions) | Actual | As Adjusted |
|---|---------------|--------------------|
| Short-term debt: | | |
| Commercial paper program(1) | \$ 629.6 | 134.9 |
| Short-term credit program | 6.0 | 6.0 |
| Total short-term debt | 635.6 | 140.9 |
| Long term debt: | | |
| Senior notes, 5.75% due 2011 | \$ 449.7 | \$ 449.7 |
| Senior notes, 7.875% due 2011 | 449.0 | 449.0 |
| Senior notes, 6.0% due 2016 | 746.5 | 746.5 |
| Senior notes, 6.50% due 2018(2) | | 498.6 |
| Senior notes, 6.625% due 2036 | 798.6 | 798.6 |
| Senior notes, 6.75% due 2037 | 695.3 | 695.3 |
| Total long term debt | \$ 3,139.1 | \$ 3,637.7 |
| Shareholders' Equity: | | |
| Common stock and additional paid-in capital (\$.01 par value; 2.8 billion shares authorized, 471.6 million shares issued and outstanding) | \$ 288.1 | \$ 288.1 |
| Retained earnings | 9,850.4 | 9,850.4 |
| Accumulated other comprehensive loss | (432.6) | (432.6) |
| Total shareholders' equity | 9,705.9 | 9,705.9 |
| Total Capitalization | \$ 13,480.6 | \$ 13,484.5 |

(1) At September 2, 2008, we had approximately \$854 million of commercial paper outstanding.

(2) The Notes offered by this prospectus supplement are being issued at a \$1.4 million discount to their \$500 million principal amount. This discount will be expensed over the life of the Notes.

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USE OF PROCEEDS

Our net proceeds from this offering are estimated to be approximately \$494,715,000 after deducting underwriting discounts and estimated offering expenses. We will use these net proceeds to repay outstanding commercial paper borrowings, which amounted to approximately \$854 million at September 2, 2008. At September 2, 2008, our commercial paper borrowings had an effective weighted average interest rate of 2.95%. Certain of the underwriters participating in this offering are dealers in our commercial paper program, and may receive proceeds from this offering as a result of their ownership of some of our commercial paper. See Underwriting.

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The following table sets forth our selected consolidated financial data for the five years ended December 31, 2007 and the six-month periods ended June 30, 2008 and June 30, 2007. The financial data for the six-month periods ended June 30, 2008 and June 30, 2007 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 six months ended June 30, 2008 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/A for the fiscal quarter ended June 30, 2008 and our 2007 Annual Report, each filed with the SEC and incorporated by reference in this prospectus supplement. See Where You Can Find More Information in this prospectus supplement.

| | Six Months Ended | | 2007 | Years Ended December 31, | | | |
|---|------------------|-------------|-------------|--------------------------|-------------|-------------|-------------|
| | 2008 | 2007 | | 2006 | 2005(1) | 2004(1) | 2003(1) |
| | (In millions) | | | | | | |
| INCOME STATEMENT DATA: | | | | | | | |
| Total revenue | \$ 15,566.8 | \$ 13,493.9 | \$ 27,599.6 | \$ 25,145.7 | \$ 22,491.9 | \$ 19,904.1 | \$ 17,976.4 |
| Health care costs | 10,239.5 | 8,491.0 | 17,294.8 | 15,301.0 | 13,107.9 | 11,637.7 | 10,135.8 |
| Current and future benefits | 1,009.7 | 1,167.1 | 2,248.1 | 2,319.0 | 2,364.5 | 2,191.5 | 2,090.8 |
| Operating expenses | 2,798.9 | 2,418.9 | 5,046.4 | 4,820.6 | 4,452.7 | 4,167.7 | 4,217.4 |
| Interest expense | 111.0 | 85.1 | 180.6 | 148.3 | 122.8 | 104.7 | 102.9 |
| Amortization of other acquired intangible assets | 55.1 | 43.6 | 97.6 | 85.6 | 57.4 | 42.5 | 50.8 |
| Reduction of reserve for anticipated future losses on discontinued products | (43.8) | (64.3) | (64.3) | (115.4) | (66.7) | | |
| Total benefits and expenses | 14,170.4 | 12,141.4 | 24,803.2 | 22,559.1 | 20,038.6 | 18,144.1 | 16,597.7 |
| Income from continuing operations before income taxes | 1,396.4 | 1,352.5 | 2,796.4 | 2,586.6 | 2,453.3 | 1,760.0 | 1,378.7 |

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|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Income taxes | 484.3 | 466.6 | 965.4 | 901.0 | 880.0 | 635.2 | 485.8 |
| Income from continuing operations | \$ 912.1 | \$ 885.9 | \$ 1,831.0 | \$ 1,685.6 | \$ 1,573.3 | \$ 1,124.8 | \$ 892.9 |
| BALANCE SHEET DATA (AT PERIOD END): | | | | | | | |
| Total assets | \$ 38,692.2 | \$ 49,572.1 | \$ 50,724.7 | \$ 47,626.4 | \$ 44,433.3 | \$ 42,214.1 | \$ 41,018.2 |
| Debt: | | | | | | | |
| Short-term | \$ 635.6 | \$.3 | \$ 130.7 | \$ 45.0 | \$ | \$ | \$ |
| Long-term | 3,139.1 | 2,442.7 | 3,138.5 | 2,442.3 | 1,605.7 | 1,609.7 | 1,613.7 |
| Total debt | \$ 3,774.7 | \$ 2,443.0 | \$ 3,269.2 | \$ 2,487.3 | \$ 1,605.7 | \$ 1,609.7 | \$ 1,613.7 |
| Shareholders equity | \$ 9,705.9 | \$ 9,680.5 | \$ 10,038.4 | \$ 9,145.1 | \$ 10,188.7 | \$ 9,161.8 | \$ 7,992.0 |

(1) Effective January 1, 2006, we adopted Statement of Financial Accounting Standards No. 123 Revised, *Share-Based Payments*, applying the modified-retrospective approach. Accordingly, all prior period financial information was adjusted to reflect our stock-based compensation activity since 1995.

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DESCRIPTION OF THE NOTES

The Notes offered by this prospectus supplement are a series of senior debt securities as described in the accompanying prospectus. This description supplements the description of the general terms and provisions of the debt securities found in the accompanying prospectus.

Capitalized terms used and not otherwise defined below or elsewhere in this prospectus supplement or the accompanying prospectus are used with the respective meanings given thereto in the Senior Indenture dated as of March 2, 2001 between Aetna Inc. and U.S. Bank National Association, successor in interest to State Street Bank and Trust Company (the Senior Indenture). Any reference to the Notes contained in this prospectus supplement refers to the 6.50% Senior Notes due 2018 (the Notes) unless the context indicates otherwise.

The Senior Indenture does not restrict our ability to incur additional indebtedness, other than certain indebtedness secured by liens on common stock of our Principal Subsidiaries (as defined in the Senior Indenture). In addition to the limitation on liens, the Senior Indenture also contains a limitation on our ability to consolidate or merge with another person or sell our assets; however, these negative covenants contain important exceptions. See Description of Debt Securities Limitations on Liens on Common Stock of Principal Subsidiaries and Consolidation, Merger and Sale of Assets in the accompanying prospectus.

General

The Notes initially will be limited to \$500,000,000 aggregate principal amount. We may, without the consent of the holders of the Notes, increase such principal amounts in the future, on the same terms and conditions (except that the issue price and the issue date may vary) and with the same CUSIP number as the Notes being offered by this prospectus supplement. The Notes will be our senior unsecured general obligations and rank on a parity with all of our existing and future unsecured and unsubordinated indebtedness.

Principal of, and premium, if any, and interest on the Notes will be payable, and transfers of the Notes will be registrable, at our office or agency in the Borough of Manhattan, The City of New York. Transfers of the Notes will also be registrable at any of the other offices or agencies that we may maintain for that purpose. In addition, payment of interest may be made, at our option, by check mailed to the address of the person entitled thereto as shown on the security register. The Notes are to be in denominations of \$2,000 or any multiple of \$1,000 in excess thereof. No service charge will be made for any registration of transfer or exchange of Notes, except for any tax or other governmental charge that may be imposed in connection therewith.

Interest; Maturity; No Sinking Fund

Each Note will bear interest from September 12, 2008, payable semi-annually on March 15 and September 15 of each year, commencing March 15, 2009, to the person in whose name the Note is registered, subject to certain exceptions as provided in the Senior Indenture, at the close of business on February 28 or August 31, as the case may be, immediately preceding such March 15 or September 15. The Notes will bear interest at a rate of 6.50% per year. The Notes will mature on September 15, 2018. The Notes are not subject to any sinking fund provision. Interest on the Notes will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Optional Redemption

The Notes will be redeemable at any time, in whole or in part, at a redemption price equal to the greater of:

100% of the principal amount of the Notes being redeemed, or

the sum of the present values of the remaining scheduled payments of principal and interest on the Notes being redeemed from the redemption date to the maturity date discounted to the redemption date on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate (as defined below) plus 45 basis points,

plus, in each case, any interest accrued but not paid to the date of redemption.

The Treasury Rate means, with respect to any redemption date for any portion of the Notes,

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the yield, under the heading which represents the average for the immediately preceding week, appearing in the most recently published statistical release designated H.15(519) or any successor publication which is published weekly by the Board of Governors of the Federal Reserve System and which establishes yields on actively traded United States Treasury securities adjusted to constant maturity under the caption Treasury Constant Maturities, for the maturity corresponding to the Comparable Treasury Issue (if no maturity is within three months before or after the maturity date for the Notes, yields for the two published maturities most closely corresponding to the Comparable Treasury Issue will be determined and the Treasury Rate shall be interpolated or extrapolated from those yields on a straight line basis, rounding to the nearest month), or

if the release referred to in the previous bullet (or any successor release) is not published during the week preceding the calculation date or does not contain the yields referred to above, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, calculated using a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

The Treasury Rate will be calculated on the third Business Day preceding the redemption date.

Comparable Treasury Issue means the United States Treasury security selected by an Independent Investment Banker as having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes to be redeemed.

Comparable Treasury Price means, with respect to any redemption date for any Notes, the average of all Reference Treasury Dealer Quotations (as defined below) obtained.

Independent Investment Banker means one of the Reference Treasury Dealers appointed by the Trustee after consultation with us.