

AETNA INC /PA/  
Form S-4/A  
October 17, 2012  
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As filed with the Securities and Exchange Commission on October 17, 2012

Registration No. 333-184041

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**AMENDMENT NO. 1**  
**TO**  
**FORM S-4**  
**REGISTRATION STATEMENT**  
*UNDER*  
*THE SECURITIES ACT OF 1933*

**Aetna Inc.**

(Exact Name of Registrant as Specified in Its Charter)

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Pennsylvania  
(State or Other Jurisdiction of  
Incorporation or Organization)

6324  
(Primary Standard Industrial  
Classification Code Number)  
151 Farmington Avenue

23-2229683  
(I.R.S. Employer  
Identification Number)

Hartford, CT 06156  
  
(860) 273-0123

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

WILLIAM J. CASAZZA

Senior Vice President and General Counsel

Aetna Inc.  
  
151 Farmington Avenue  
  
Hartford, CT 06156  
  
(860) 273-0123

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

David L. Caplan	<i>Copies to:</i> David A. Katz	Bob F. Thompson
H. Oliver Smith	Wachtell, Lipton, Rosen & Katz	Bass, Berry & Sims PLC
Davis Polk & Wardwell LLP	51 West 52nd Street	150 Third Avenue South
450 Lexington Avenue	New York, New York 10019	Nashville, Tennessee 37201
New York, New York 10017	(212) 403-2000	(615) 742-6200
(212) 450-4000		

**Approximate date of commencement of proposed sale of the securities to the public:** As soon as practicable after the effective date of this registration statement and completion of the merger of Jaguar Merger Subsidiary, Inc. ( **Merger Sub** ), a wholly owned subsidiary of Aetna Inc. ( **Aetna** ), with and into Coventry Health Care, Inc. ( **Coventry** ), as described in the Agreement and Plan of Merger, dated as of August 19, 2012, among Aetna, Merger Sub and Coventry, as amended, and as may be further amended.

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If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the **Securities Act** ), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Securities Exchange Act of 1934 (the **Exchange Act** ).

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)

Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.**

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**Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This proxy statement/prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.**

**PRELIMINARY SUBJECT TO COMPLETION DATED OCTOBER 17, 2012**

**MERGER PROPOSAL YOUR VOTE IS VERY IMPORTANT**

October 17, 2012

Dear Coventry Health Care, Inc. Stockholder:

You are cordially invited to attend a special meeting of stockholders of Coventry, to be held on November 21, 2012, at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, at 9:00 a.m., local time. At the Coventry special meeting, you will be asked to adopt the Agreement and Plan of Merger, dated as of August 19, 2012, as amended, and as may be further amended, which provides for a merger in which Coventry will become a wholly owned subsidiary of Aetna Inc. Coventry's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement.

If the merger is completed, you will have the right to receive, in exchange for each share of Coventry common stock you own immediately prior to the merger, \$27.30 in cash, without interest, and 0.3885 of an Aetna common share. Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, and the number of Aetna common shares outstanding as of October 15, 2012, it is expected that, immediately after completion of the merger, former Coventry stockholders will own approximately 13.5% of the outstanding Aetna common shares. The Coventry common stock and the Aetna common shares are traded on the New York Stock Exchange under the symbols CVH and AET, respectively.

We cannot complete the merger unless Coventry stockholders adopt the merger agreement. **Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the Coventry special meeting in person, please vote or otherwise submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Coventry special meeting.**

In addition, at the Coventry special meeting you also will be asked to approve the adjournment of the Coventry special meeting under certain circumstances and to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

**The Coventry board of directors unanimously recommends that Coventry stockholders vote FOR the adoption of the merger agreement, FOR the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting and FOR the golden parachute compensation proposal.**

The accompanying proxy statement/prospectus provides important information regarding the Coventry special meeting and a detailed description of the merger agreement, the merger, the adjournment proposal and the golden parachute compensation proposal. **We urge you to read the accompanying proxy statement/prospectus (and any documents incorporated by reference into the accompanying proxy statement/prospectus) carefully. Please pay particular attention to the section entitled Risk Factors beginning on page 45.** You can also obtain information about Aetna and Coventry from documents that Coventry and Aetna previously have filed with the Securities and Exchange Commission.

If you have any questions about the merger or about how to vote your shares, please contact Coventry Investor Relations at (301) 581-5430 or write to Coventry Health Care, Inc., 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817, Attention: Investor Relations.

We hope to see you at the Coventry special meeting and look forward to the successful completion of the merger.

Sincerely,

ALLEN F. WISE

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Chairman and Chief Executive Officer

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under the accompanying proxy statement/prospectus or determined that the accompanying proxy statement/prospectus is accurate or complete. Any representation to the contrary is a criminal offense.**

The accompanying proxy statement/prospectus is dated October 17, 2012, and is first being mailed to Coventry stockholders on or about October 19, 2012.

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**ADDITIONAL INFORMATION**

The accompanying document is the proxy statement of Coventry Health Care, Inc. for its special meeting of stockholders and the prospectus of Aetna Inc. for its common shares to be issued as consideration in the merger. The accompanying proxy statement/prospectus incorporates important business and financial information about Aetna Inc. and Coventry Health Care, Inc. from documents that are not included in or delivered with the accompanying proxy statement/prospectus. This information is available to you without charge upon your request. You can obtain documents incorporated by reference into the accompanying proxy statement/prospectus (other than certain exhibits or schedules to these documents) by requesting them in writing or by telephone from Aetna Inc. or Coventry Health Care, Inc. at the following addresses and telephone numbers:

Aetna Inc.  
151 Farmington Avenue  
Hartford, CT 06156  
Attention: Investor Relations  
Telephone: (860) 273-8204

Coventry Health Care, Inc.  
6720-B Rockledge Drive, Suite 700  
Bethesda, MD 20817  
Attention: Investor Relations  
Telephone: (301) 581-5430

In addition, if you have questions about the merger or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need to obtain proxy cards or other information related to the proxy solicitation, please contact MacKenzie Partners, Inc., the proxy solicitor for Coventry Health Care, Inc., toll-free at (800) 322-2885 or collect at (212) 929-5500. You will not be charged for any of these documents that you request.

**If you would like to request documents, please do so by November 14, 2012, in order to receive them before the Coventry special meeting.**

See **Where You Can Find More Information** beginning on page 152 of the accompanying proxy statement/prospectus for further information.

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**NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF  
COVENTRY HEALTH CARE, INC.  
TO BE HELD ON NOVEMBER 21, 2012**

To the Stockholders of Coventry Health Care, Inc.:

A special meeting of stockholders of Coventry Health Care, Inc. will be held on November 21, 2012, at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, at 9:00 a.m., local time, for the following purposes:

to consider and vote on a proposal to adopt the Agreement and Plan of Merger, dated as of August 19, 2012, as amended, and as may be further amended, among Aetna Inc., a Pennsylvania corporation, Jaguar Merger Subsidiary, Inc., a Delaware corporation and wholly owned subsidiary of Aetna, and Coventry, pursuant to which Jaguar Merger Subsidiary, Inc. will be merged with and into Coventry, and Coventry will continue as the surviving corporation and a wholly owned subsidiary of Aetna (a copy of the merger agreement is attached as Annex A to the proxy statement/prospectus accompanying this notice);

to consider and vote on a proposal to approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting; and

to consider and vote on a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

The Coventry board of directors has fixed the close of business on October 15, 2012, as the record date for determination of the stockholders entitled to vote at the Coventry special meeting or any adjournment or postponement of the Coventry special meeting. Only stockholders of record at the record date are entitled to notice of, and to vote at, the Coventry special meeting or any adjournment or postponement of the Coventry special meeting. A complete list of stockholders entitled to vote at the Coventry special meeting will be available for a period of ten days prior to the Coventry special meeting at the offices of Coventry, located at 6720-B Rockledge Drive, Suite 700, Bethesda, Maryland 20817, and at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, for inspection by any stockholder, for any purpose germane to the Coventry special meeting, during usual business hours. The stockholder list also will be available at the Coventry special meeting for examination by any stockholder present at the Coventry special meeting.

If you hold shares in your name at the record date, please be prepared to provide proper identification, such as a driver's license, to gain admission to the Coventry special meeting.

If you are a beneficial owner of Coventry common stock held in street name, meaning that your shares are held by a broker, bank or other holder of record, at the record date, in addition to proper identification, you will also need to provide proof of ownership at the record date to be admitted to the Coventry special meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Coventry common stock held in street name in person at the Coventry special meeting, you will have to get a written proxy in your name from the broker, bank or other holder of record who holds your shares.

Adoption of the merger agreement requires the affirmative vote of holders of a majority of the shares of Coventry common stock outstanding and entitled to vote on the proposal. Adoption of the other proposals to be

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presented at the Coventry special meeting requires the affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal. **After careful consideration, the Coventry board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders and unanimously adopted and approved the merger agreement, the merger and the other transactions contemplated by the merger agreement and unanimously recommends that Coventry stockholders vote FOR the adoption of the merger agreement, FOR the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting and FOR the golden parachute compensation proposal.**

By order of the Board of Directors,

SHIRLEY R. SMITH

Secretary

Bethesda, Maryland

October 17, 2012



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**YOUR VOTE IS IMPORTANT!**

**WHETHER OR NOT YOU EXPECT TO ATTEND THE COVENTRY SPECIAL MEETING IN PERSON, WE URGE YOU TO SUBMIT YOUR PROXY AS PROMPTLY AS POSSIBLE (1) VIA THE INTERNET, (2) BY TELEPHONE OR (3) BY MARKING, SIGNING AND DATING THE ENCLOSED PROXY CARD AND RETURNING IT IN THE POSTAGE-PAID ENVELOPE PROVIDED. IF YOU ATTEND THE COVENTRY SPECIAL MEETING AND WISH TO VOTE YOUR SHARES IN PERSON, YOU MAY DO SO AT ANY TIME PRIOR TO YOUR PROXY BEING EXERCISED.** You may revoke your proxy or change your vote at any time before the Coventry special meeting. If your shares are held in the name of a bank, broker or other fiduciary, please follow the instructions on the voting instruction form furnished to you by such record holder.

We urge you to read the accompanying proxy statement/prospectus, including all documents incorporated by reference into the accompanying proxy statement/prospectus, and its annexes carefully and in their entirety. If you have any questions concerning the merger agreement, the merger, the adjournment vote, the advisory (non-binding) vote on the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger, the Coventry special meeting or the accompanying proxy statement/prospectus, would like additional copies of the accompanying proxy statement/prospectus or need help voting your shares of Coventry common stock, please contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Telephone (Toll-Free): (800) 322-2885

Telephone (Collect): (212) 929-5500

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

or

Coventry Health Care, Inc.

6720-B Rockledge Drive, Suite 700

Bethesda, MD 20817

Attention: Investor Relations

Telephone: (301) 581-5430

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**QUESTIONS AND ANSWERS ABOUT THE MERGER AND THE COVENTRY SPECIAL MEETING**

*The following are some questions that you, as a stockholder of Coventry Health Care, Inc., which is referred to in this proxy statement/prospectus as Coventry, may have regarding the merger, the adjournment proposal, the golden parachute compensation proposal and the Coventry special meeting and brief answers to those questions. You are urged to read carefully this proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in their entirety because this section may not provide all of the information that is important to you with respect to the merger, the adjournment proposal, the golden parachute compensation proposal and the Coventry special meeting. Additional important information is contained in the annexes to, and the documents incorporated by reference into, this proxy statement/prospectus.*

***Q: Why am I receiving this document?***

A: Aetna Inc., which is referred to in this proxy statement/prospectus as Aetna, and Coventry have agreed to a merger, pursuant to which Coventry will become a wholly owned subsidiary of Aetna and will no longer be a publicly held corporation in a transaction that is referred to in this proxy statement/prospectus as the merger. In order to complete the merger, Coventry stockholders must vote to adopt the Agreement and Plan of Merger, dated as of August 19, 2012, among Aetna, Coventry and Merger Sub, as amended by Amendment No. 1 dated as of October 17, 2012, and as may be further amended, which is referred to in this proxy statement/prospectus as the merger agreement, and Coventry is holding a special meeting of stockholders to obtain that stockholder approval. Coventry stockholders will also be asked to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

In the merger, in addition to the payment of cash, Aetna will issue Aetna common shares as part of the consideration to be paid to holders of Coventry common stock. This document is being delivered to you as both a proxy statement of Coventry and a prospectus of Aetna in connection with the merger. It is the proxy statement by which the Coventry board of directors is soliciting proxies from you to vote at the Coventry special meeting, or at any adjournment or postponement of the Coventry special meeting, on the adoption of the merger agreement, the approval of the adjournment of the Coventry special meeting under certain circumstances and the approval, on an advisory (non-binding) basis, of the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. It is also the prospectus by which Aetna will issue Aetna common shares to you in the merger.

***Q: What will happen in the merger?***

A: In the merger, Jaguar Merger Subsidiary, Inc., a wholly owned subsidiary of Aetna that is referred to in this proxy statement/prospectus as Merger Sub, will be merged with and into Coventry. Coventry will be the surviving corporation in the merger and will be a wholly owned subsidiary of Aetna following completion of the merger and will no longer be a publicly held corporation.

***Q: What will I receive in the merger?***

A: If the merger is completed, each of your shares of Coventry common stock automatically will be cancelled and converted into the right to receive \$27.30 in cash, without interest, and 0.3885 of an Aetna common share. Each Coventry stockholder will receive cash for any fractional Aetna common share that the stockholder would otherwise receive in the merger.

Based on the closing price of Aetna common shares on the New York Stock Exchange on August 17, 2012, the last trading day before the public announcement of the merger agreement, the merger consideration represented approximately \$42.08 in value for each share of Coventry common stock. Based on the closing price of Aetna common shares on the New York Stock Exchange on October 15, 2012, the most recent practicable trading day prior to the date of this proxy statement/prospectus, the merger consideration represented approximately \$44.36 in value for each share of Coventry common stock. **Because Aetna will issue a fixed fraction of an Aetna common share in exchange for each share of Coventry common stock, the value of the stock portion of the merger consideration that Coventry stockholders will**



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receive in the merger will depend on the market price of Aetna common shares at the time the merger is completed. The market price of Aetna common shares when Coventry stockholders receive those shares after the merger is completed could be greater than, less than or the same as the market price of Aetna common shares on the date of this proxy statement/prospectus or at the time of the Coventry special meeting.

***Q: What happens if the merger is not completed?***

A: If the merger agreement is not adopted by Coventry stockholders or if the merger is not completed for any other reason, you will not receive any payment for your shares of Coventry common stock in connection with the merger. Instead, Coventry will remain an independent public company and its common stock will continue to be listed and traded on the New York Stock Exchange. If the merger agreement is terminated under specified circumstances, Coventry may be required to pay Aetna a termination fee of \$167.5 million and, if the merger is terminated under certain other circumstances, Aetna may be required to pay Coventry a termination fee of \$450.0 million. See *The Merger Agreement Termination Fees and Expenses* beginning on page 117 of this proxy statement/prospectus for a more detailed discussion of the termination fees.

***Q: What am I being asked to vote on?***

A: Coventry stockholders are being asked to vote on the following proposals:

to adopt the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus;

to approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting; and

to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

The adoption of the merger agreement by Coventry stockholders is a condition to the obligations of Coventry and Aetna to complete the merger. Neither the approval of the proposal to adjourn the Coventry special meeting, if necessary, nor the approval of the golden parachute compensation proposal is a condition to the obligations of Coventry or Aetna to complete the merger.

***Q: Does Coventry's board of directors recommend that stockholders adopt the merger agreement?***

A: Yes. Coventry's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders and unanimously approved the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Coventry board of directors unanimously recommends that you vote **FOR** the adoption of the merger agreement at the Coventry special meeting. See *Proposal I: The Merger Coventry Reasons for the Merger; Recommendation of the Coventry Board of Directors that Coventry Stockholders Adopt the Merger Agreement* beginning on page 68 of this proxy statement/prospectus.

***Q: Does Coventry's board of directors recommend that stockholders approve the adjournment of the Coventry special meeting, if necessary?***

- A: Yes. Coventry's board of directors unanimously recommends that you vote **FOR** the proposal to adjourn the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting. See Proposal II: Adjournment of the Coventry Special Meeting beginning on page 130 of this proxy statement/prospectus.



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***Q: What is golden parachute compensation and why am I being asked to vote on it?***

A: The Securities and Exchange Commission has adopted rules that require Coventry to seek an advisory (non-binding) vote on golden parachute compensation. Golden parachute compensation is certain compensation that is tied to or based on the merger and that will or may be paid by Coventry to its named executive officers in connection with the merger. This proposal is referred to in this proxy statement/prospectus as the golden parachute compensation proposal.

***Q: Does Coventry's board of directors recommend that stockholders approve the golden parachute compensation proposal?***

A: Yes. The Coventry board of directors unanimously recommends that you vote **FOR** the proposal to approve the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. See Proposal III: Advisory Vote On Golden Parachute Compensation beginning on page 131 of this proxy statement/prospectus.

***Q: What happens if the golden parachute compensation is not approved?***

A: Approval of the golden parachute compensation is not a condition to completion of the merger. The vote is an advisory vote and is not binding. If the merger is completed, Coventry may pay golden parachute compensation to its named executive officers in connection with the merger even if Coventry stockholders fail to approve the golden parachute compensation proposal.

***Q: What stockholder vote is required for the approval of each proposal?***

A: The following are the vote requirements for the proposals:

*Adoption of the Merger Agreement:* The affirmative vote of holders of a majority of the shares of Coventry common stock outstanding and entitled to vote on the proposal. Accordingly, a Coventry stockholder's abstention from voting, the failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have the same effect as a vote **AGAINST** the proposal.

*Adjournment (if necessary):* The affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal. Accordingly, a Coventry stockholder's abstention from voting will have the same effect as a vote **AGAINST** the proposal, while the failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the proposal.

*Approval of Golden Parachute Compensation:* The affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal. Accordingly, a Coventry stockholder's abstention from voting will have the same effect as a vote **AGAINST** the proposal, while the failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the proposal.

***Q:*** *What constitutes a quorum for the Coventry special meeting?*

**A:** A majority of the outstanding shares of Coventry common stock entitled to vote being present in person or represented by proxy constitutes a quorum for the Coventry special meeting. Abstentions will be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum. Shares of Coventry common stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank or other holder of record will not be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum.

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***Q: When is this proxy statement/prospectus being mailed?***

A: This proxy statement/prospectus and the proxy card are first being sent to Coventry stockholders on or about October 19, 2012.

***Q: Who is entitled to vote at the Coventry special meeting?***

A: All holders of Coventry common stock who held shares at the record date for the Coventry special meeting (the close of business on October 15, 2012) are entitled to receive notice of, and to vote at, the Coventry special meeting provided that those shares remain outstanding on the date of the Coventry special meeting. As of the close of business on October 15, 2012, there were 134,426,998 shares of Coventry common stock outstanding. Each holder of Coventry common stock is entitled to one vote for each share of Coventry common stock owned at the record date.

***Q: When and where is the Coventry special meeting?***

A: The Coventry special meeting will be held on November 21, 2012, at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, at 9:00 a.m., local time.

***Q: How do I vote my shares at the Coventry special meeting?***

***A: Via the Internet or by Telephone***

If you hold Coventry shares directly in your name as a stockholder of record, you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by calling (800) 690-6903. Votes submitted via the Internet or by telephone must be received by 11:59 PM (Eastern Time) on November 20, 2012.

If you hold Coventry shares in *street name*, meaning through a broker, bank or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank or other holder of record. Please follow the voting instructions provided by your broker, bank or other holder of record with these materials.

***By Mail***

If you hold Coventry shares directly in your name as a stockholder of record, you will need to mark, sign and date your proxy card and return it using the postage-paid return envelope provided or return it to Broadridge Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717. Broadridge Financial Solutions, Inc. must receive your proxy card no later than the close of business on November 20, 2012.

If you hold Coventry shares in *street name* through a broker, bank or other holder of record, to vote by mail, you will need to mark, sign and date the voting instruction form provided by your broker, bank or other holder of record with these materials and return it in the postage-paid return envelope provided. Your broker, bank or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

***In Person***

If you hold Coventry shares directly in your name as a stockholder of record, you may vote in person at the Coventry special meeting. Stockholders of record also may be represented by another person at the Coventry special meeting by executing a proper proxy designating that person and having that proper proxy be presented to the inspector of election with the applicable ballot at the Coventry special meeting.

If you hold Coventry shares in *street name* through a broker, bank or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of election with your ballot to be able to vote in person at the Coventry special meeting. To request a legal proxy please contact your broker, bank or other holder of record.



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**Please carefully consider the information contained in this proxy statement/prospectus and, whether or not you plan to attend the meeting, vote via the Internet, by telephone or by mail so that your shares will be voted in accordance with your wishes even if you later decide not to attend the Coventry special meeting.**

We encourage you to register your vote via the Internet or by telephone. If you attend the meeting, you may also submit your vote in person, in which case any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by the vote that you cast at the Coventry special meeting. To vote in person at the Coventry special meeting, beneficial owners who hold shares in street name through a broker, bank or other holder of record will need to contact the broker, bank or other holder of record to obtain a legal proxy to bring to the meeting. Whether your proxy is submitted via the Internet, by phone or by mail, if it is properly completed and submitted, and if you do not revoke it prior to or at the Coventry special meeting, your shares will be voted at the Coventry special meeting in the manner set forth in this proxy statement/prospectus or as otherwise specified by you. Again, you may vote via the Internet or by telephone until 11:59 PM (Eastern Time) on November 20, 2012, or Coventry's agent must receive your paper proxy card by mail no later than the close of business on November 20, 2012.

***Q: If my shares are held in street name, will my broker, bank or other holder of record automatically vote my shares for me?***

A: No. If your shares are held in an account at a broker, bank or other holder of record, you must instruct the broker, bank or other holder of record on how to vote your shares. Brokers, banks and other holders of record who hold shares of Coventry common stock in street name typically have the authority to vote in their discretion on routine proposals when they have not received instructions on how to vote from the beneficial owner. However, brokers, banks and other holders of record are typically not allowed to exercise their voting discretion on matters that are non-routine without specific instructions on how to vote from the beneficial owner. Under the current rules of the New York Stock Exchange, each of the three proposals described in this proxy statement/prospectus is considered non-routine, and therefore brokers do not have discretionary authority to vote on any of the three proposals. If your shares of Coventry common stock are held in street name, your broker, bank or other holder of record will vote your shares only if you provide instructions on how to vote by filling out the voting instruction form sent to you by your broker, bank or other holder of record with this proxy statement/prospectus.

**If your shares are held in street name, a failure to instruct your broker, bank or other holder of record how to vote your shares will have the same effect as a vote AGAINST the adoption of the merger agreement.** If your shares are held in street name, a failure to instruct your broker, bank or other holder of record how to vote your shares will have no effect on the proposal to adjourn the Coventry special meeting, if necessary, or the golden parachute compensation proposal.

Broker non-votes are shares held by a broker, bank or other holder of record that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other holder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other holders of record do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement/prospectus, if a beneficial owner of shares of Coventry common stock held in street name does not give voting instructions to the broker, bank or other holder of record, then those shares will not be present in person or represented by proxy at the special meeting. As a result, it is expected that there will not be any broker non-votes in connection with any of the three proposals described in this proxy statement/prospectus.

***Q: How will my shares be represented at the Coventry special meeting?***

A: If you submit your proxy via the Internet, by telephone or by mail, the officers named in your proxy card will vote your shares in the manner you requested if you correctly submitted your proxy. If you sign your

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proxy card and return it without indicating how you would like to vote your shares, your proxy will be voted as the Coventry board of directors unanimously recommends, which is:

**FOR** the adoption of the merger agreement;

**FOR** the approval of the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting; and

**FOR** the approval, on an advisory (non-binding) basis, of the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

***Q: Who may attend the Coventry special meeting?***

A: Coventry stockholders at the record date (the close of business on October 15, 2012), or their authorized representatives, may attend the Coventry special meeting. If you hold shares in your name at the record date, please be prepared to provide proper identification, such as a driver's license, to gain admission to the Coventry special meeting.

If you are a beneficial owner of Coventry common stock held in street name by a broker, bank or other holder of record at the record date (the close of business on October 15, 2012), in addition to proper identification, you will also need proof of ownership at the record date to be admitted to the Coventry special meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Coventry common stock held in street name in person at the Coventry special meeting, you will have to get a written proxy in your name from the broker, bank or other holder of record who holds your shares.

Stockholders may contact Coventry Investor Relations at (301) 581-5430 to obtain directions to the location of the Coventry special meeting.

***Q: Is my vote important?***

A: Yes, your vote is very important. An abstention or failure to vote will have the same effect as a vote **AGAINST** the adoption of the merger agreement. If you hold your shares through a broker, bank or other holder of record and you do not give voting instructions to that broker, bank or other holder of record, that broker, bank or other holder of record will not be able to vote your shares on the adoption of the merger agreement, and your failure to give those instructions will have the same effect as a vote **AGAINST** the adoption of the merger agreement. The Coventry board of directors unanimously recommends that you vote **FOR** the adoption of the merger agreement.

***Q: Can I revoke my proxy or change my voting instructions?***

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at the Coventry special meeting.

If you are a stockholder of record at the record date (the close of business on October 15, 2012), you can revoke your proxy or change your vote by:

sending a signed notice stating that you revoke your proxy to the Secretary of Coventry, at Coventry's offices at 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817, Attention: Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the Coventry special meeting;

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submitting a valid, later-dated proxy via the Internet or by telephone before 11:59 PM (Eastern Time) on November 20, 2012, or by mail that is received prior to the Coventry special meeting; or

attending the Coventry special meeting (or, if the Coventry special meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel

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any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given. If you hold your shares in street name through a broker, bank or other holder of record, you must contact your brokerage firm or bank to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the Coventry special meeting.

***Q: What happens if I sell my shares after the record date but before the Coventry special meeting?***

A: The record date for the Coventry special meeting (the close of business on October 15, 2012) is earlier than the date of the Coventry special meeting and earlier than the date that the merger is expected to be completed. If you sell or otherwise transfer your Coventry common stock after the record date but before the date of the Coventry special meeting, you will retain your right to vote at the Coventry special meeting. However, you will not have the right to receive the merger consideration to be received by Coventry stockholders in the merger. In order to receive the merger consideration, you must hold your shares through completion of the merger.

***Q: What do I do if I receive more than one set of voting materials?***

A: You may receive more than one set of voting materials for the Coventry special meeting, including multiple copies of this proxy statement/prospectus, the proxy card or the voting instruction form. This can occur if you hold your shares in more than one brokerage account, if you hold shares directly as a record holder and also in street name, or otherwise through another holder of record, and in certain other circumstances. If you receive more than one set of voting materials, please vote or return each set separately in order to ensure that all of your shares are voted.

***Q: Am I entitled to appraisal rights?***

A: Yes. Under Delaware law, record holders of Coventry common stock who do not vote in favor of the adoption of the merger agreement and who otherwise comply with the procedures for exercising appraisal rights under Delaware law will be entitled to seek appraisal rights in connection with the merger and, if the merger is completed, obtain payment in cash of the fair value of their shares of Coventry common stock as determined by the Delaware Chancery Court, instead of receiving the merger consideration. To exercise your appraisal rights, you must follow strictly the procedures prescribed by Delaware law. These procedures are summarized in this proxy statement/prospectus. See Proposal I: The Merger Appraisal Rights beginning on page 87 of this proxy statement/prospectus. In addition, the text of the applicable provisions of Delaware law is included as Annex C to this proxy statement/prospectus. Failure to comply strictly with these provisions will result in loss of the right of appraisal.

***Q: Is completion of the merger subject to any conditions?***

A: Yes. Aetna and Coventry are not required to complete the merger unless a number of conditions are satisfied (or, to the extent permitted by applicable law, waived). These conditions include the adoption of the merger agreement by Coventry stockholders, early termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the receipt of certain other regulatory approvals. For a more complete summary of the conditions that must be satisfied (or, to the extent permitted by applicable law, waived) prior to completion of the merger, see The Merger Agreement Conditions to Completion of the Merger beginning on page 100 of this proxy statement/prospectus.

***Q: When do you expect to complete the merger?***

A:



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Coventry and Aetna are working towards completing the merger promptly. As of the date of this proxy statement/prospectus, Coventry and Aetna expect to complete the merger in mid-2013, subject to adoption of the merger agreement by Coventry stockholders, early termination or expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, receipt of certain other

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regulatory approvals and other usual and customary conditions to completion. However, no assurance can be given as to when, or if, the merger will be completed.

***Q: Is the transaction expected to be taxable to Coventry stockholders?***

A: Yes. U.S. holders of Coventry common stock will generally be subject to U.S. federal income tax as a result of the exchange of their Coventry common stock for Aetna common shares and cash (including cash received in lieu of a fractional Aetna common share) in the merger. See Proposal I: The Merger Material U.S. Federal Income Tax Consequences beginning on page 90 of this proxy statement/prospectus.

***Q: What do I need to do now?***

A: Carefully read and consider the information contained in and incorporated by reference into this proxy statement/prospectus, including its annexes. Then, please vote your shares of Coventry common stock, which you may do by:

completing, dating, signing and returning the enclosed proxy card in the accompanying postage-paid return envelope;

submitting your proxy via the Internet or by telephone by following the instructions included on your proxy card; or

attending the Coventry special meeting and voting by ballot in person.

If you hold shares in street name through a broker, bank or other holder of record, please instruct your broker, bank or other holder of record to vote your shares by following the instructions that the broker, bank or other holder of record provides to you with these materials.

See How will my shares be represented at the Coventry special meeting? beginning on page 5 of this proxy statement/prospectus.

***Q: Should I send in my stock certificates now?***

A: No. Coventry stockholders should not send in their stock certificates at this time. After completion of the merger, Aetna's exchange agent will send you a letter of transmittal and instructions for exchanging your shares of Coventry common stock for the merger consideration. Unless you request physical certificates, the Aetna common shares you receive in the merger will be issued in book-entry form and physical certificates will not be issued. See The Merger Agreement Procedures for Surrendering Coventry Stock Certificates beginning on page 98 of this proxy statement/prospectus.

***Q: As a holder of options issued by Coventry to purchase Coventry common stock, or a holder of Coventry restricted stock, restricted stock units or performance share units, what will I receive in the merger?***

A: Each in-the-money option (as defined under Summary Treatment of Coventry Equity Awards beginning on page 13 of this proxy statement/prospectus) to purchase Coventry common stock (whether or not then vested or exercisable) that remains outstanding immediately prior to completion of the merger will be cancelled and converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, determined pursuant to a formula that is intended to result in consideration that is substantially equivalent to the excess of the merger consideration payable to holders of shares of Coventry common stock over the exercise price of that

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option. During the 60-day period following the date of the merger agreement, Aetna and Coventry discussed the treatment of each option to purchase Coventry common stock (whether or not then vested or exercisable) that would not be entitled to receive an amount in cash pursuant to the immediately preceding sentence and decided to cancel such options upon completion of the merger. Aetna has agreed to pay the holders of such options that execute customary acknowledgments and waivers an amount in cash calculated by reference to the exercise price of the canceled options and equivalent to \$1.00 to \$4.00 for each share of Coventry common stock subject to a cancelled option. For active employees of Coventry, such payment will also be conditioned upon such employee remaining employed by the surviving corporation or Aetna for one year following completion of the merger (subject to acceleration upon certain terminations of employment). Each share of restricted Coventry common stock that, pursuant to its terms as of the date of the merger agreement, is vested or becomes vested as of completion of the merger will be converted into the right to receive the merger consideration payable to holders of shares of Coventry common stock.

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Each Coventry performance share unit or restricted stock unit that, pursuant to its terms as of the date of the merger agreement, is vested or becomes vested as of completion of the merger and each performance share unit or restricted stock unit held by Allen F. Wise will be converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, determined pursuant to a formula that is intended to result in consideration that is substantially equivalent to the merger consideration payable to holders of shares of Coventry common stock. Each Coventry performance share unit and restricted stock unit that, pursuant to its terms as of the date of the merger agreement, is not vested and will not become vested as of completion of the merger (other than such units held by Mr. Wise), will be converted into a cash-settled Aetna restricted stock unit with the number of Aetna common shares underlying that cash-settled Aetna restricted stock unit determined pursuant to a formula that is intended to result in the value of the Aetna restricted stock unit being substantially equivalent to the merger consideration payable to a holder of the number of shares of Coventry common stock underlying that Coventry performance share unit or restricted stock unit. See *The Merger Agreement Treatment of Coventry Equity Awards* beginning on page 99 of this proxy statement/prospectus for a more detailed description of how these and certain other Coventry equity awards will be treated in the merger.

***Q: How are shares in the Coventry 401(k) Plan voted?***

A: Participants in the Coventry 401(k) Plan are entitled to vote the shares held under the plan in their name. To do so, you must sign and timely return the voting instruction form you received with this proxy statement/prospectus, or submit voting instructions via the Internet or by telephone. By doing either of the above, you direct the Coventry 401(k) Plan trustee to vote your Coventry 401(k) Plan shares at the Coventry special meeting, in person or by proxy, as designated in your instructions. The voting results for the shares held in the Coventry 401(k) Plan will be tabulated by Coventry's transfer agent for all plan participants and reported to the Coventry 401(k) Plan trustee on an aggregate basis. The overall vote tallies will not show how individual participants voted. The trustee will vote the shares at the Coventry special meeting through the custodian holding the shares. If a Coventry 401(k) Plan participant's voting instructions are not received by Coventry's transfer agent before the Coventry special meeting, or if the voting instructions are revoked by the participant before the Coventry special meeting, the shares held by that participant will be considered unvoted. All unvoted shares in the Coventry 401(k) Plan will be voted at the Coventry special meeting by the Coventry 401(k) Plan trustee in proportion to the voting results of the Coventry 401(k) Plan shares for which voting instructions are received.

***Q: Whom should I call with questions?***

A: If you have any questions about the merger or the Coventry special meeting, or desire additional copies of this proxy statement/prospectus, proxy cards or voting instruction forms, you should contact:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, NY 10016

Telephone (Toll-Free): (800) 322-2885

Telephone (Collect): (212) 929-5500

Email: [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com)

or

Coventry Health Care, Inc.

6720-B Rockledge Drive, Suite 700

Bethesda, MD 20817

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Attention: Investor Relations

Telephone: (301) 581-5430

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**SUMMARY**

*This summary highlights selected information from this proxy statement/prospectus. It may not contain all of the information that is important to you. You are urged to read carefully the entire proxy statement/prospectus and the other documents referred to in this proxy statement/prospectus in order to fully understand the merger agreement and the proposed merger. See *Where You Can Find More Information* beginning on page 152 of this proxy statement/prospectus. Each item in this summary refers to the page of this proxy statement/prospectus on which that subject is discussed in more detail.*

**The Companies (See Page 55)**

***Aetna Inc.***

Aetna was incorporated in the Commonwealth of Pennsylvania in 1982. Aetna is one of the nation's leading diversified health care benefits companies, serving approximately 36.7 million people as of June 30, 2012, with information and resources to help them make better informed decisions about their health care. Aetna offers 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 exchange technology services. Aetna's 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.

The principal trading market for Aetna common shares (NYSE: AET) is the New York Stock Exchange. The principal executive offices of Aetna are located at 151 Farmington Avenue, Hartford, CT 06156; its telephone number is (860) 273-0123; and its website is [www.aetna.com](http://www.aetna.com).

This proxy statement/prospectus incorporates important business and financial information about Aetna from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see *Where You Can Find More Information* beginning on page 152 of this proxy statement/prospectus.

***Coventry Health Care, Inc.***

Coventry was incorporated in the State of Delaware on December 17, 1997, and is the successor to Coventry Corporation, which was incorporated in the State of Delaware on November 21, 1986.

Coventry is a diversified national managed health care company based in Bethesda, Maryland, dedicated to delivering high-quality health care solutions at an affordable price. Coventry provides a full portfolio of risk and fee-based products, including Medicare and Medicaid programs, group and individual health insurance, workers' compensation solutions, and network rental services. With a presence in every state in the nation, Coventry's products currently serve approximately five million individuals, helping them receive the greatest possible value for their health care investment.

The principal trading market for Coventry common stock (NYSE: CVH) is the New York Stock Exchange. The principal executive offices of Coventry are located at 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817; its telephone number is (301) 581-0600; and its website is [www.coventryhealthcare.com](http://www.coventryhealthcare.com).

This proxy statement/prospectus incorporates important business and financial information about Coventry from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see *Where You Can Find More Information* beginning on page 152 of this proxy statement/prospectus.

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### ***Jaguar Merger Subsidiary, Inc.***

Merger Sub was incorporated in the State of Delaware on August 16, 2012, and is a wholly owned subsidiary of Aetna. Merger Sub was formed solely for the purpose of completing a merger with Coventry. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the merger.

The principal executive offices of Merger Sub are located at 151 Farmington Avenue, Hartford, CT 06156; and its telephone number is (860) 273-0123.

### **The Merger (See Page 62)**

Aetna, Merger Sub and Coventry have entered into the merger agreement. Subject to the terms and conditions of the merger agreement and in accordance with applicable law, Merger Sub will be merged with and into Coventry, with Coventry continuing as the surviving corporation. Upon completion of the merger, Coventry will be a wholly owned subsidiary of Aetna, and Coventry common stock will no longer be outstanding or publicly traded.

A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus. You should read the merger agreement carefully because it is the legal document that governs the merger.

### **Special Meeting of Stockholders of Coventry (See Page 56)**

**Meeting.** The Coventry special meeting will be held on November 21, 2012, at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, at 9:00 a.m., local time. At the Coventry special meeting, Coventry stockholders will be asked to consider and vote on the following proposals:

to adopt the merger agreement;

to approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting; and

to approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

**Record Date.** The Coventry board of directors has fixed the close of business on October 15, 2012, as the record date for determination of the stockholders entitled to vote at the Coventry special meeting or any adjournment or postponement thereof. Only Coventry stockholders of record at the record date are entitled to receive notice of, and to vote at, the Coventry special meeting or any adjournment or postponement of the Coventry special meeting. As of the close of business on October 15, 2012, there were 134,426,998 shares of Coventry common stock outstanding. Each holder of Coventry common stock is entitled to one vote for each share of Coventry common stock owned at the record date.

**Quorum.** The presence at the Coventry special meeting, in person or by proxy, of the holders of a majority of the aggregate voting power of Coventry common stock outstanding at the record date (the close of business on October 15, 2012) and otherwise entitled to vote will constitute a quorum. Abstentions will be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum. Shares of Coventry common stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank or other holder of record, and shares of Coventry common stock with respect to which the beneficial owner otherwise fails to vote, will not be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum. There must be a quorum

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for business to be conducted at the Coventry special meeting. Failure of a quorum to be represented at the Coventry special meeting will necessitate an adjournment or postponement and will subject Coventry to additional expense.

**Required Vote.** To adopt the merger agreement, the affirmative vote of holders of a majority of the shares of Coventry common stock outstanding and entitled to vote on the proposal is required. **Coventry cannot complete the merger unless its stockholders adopt the merger agreement.** Because approval requires the affirmative vote of a majority of the outstanding shares of Coventry common stock entitled to vote on the proposal, **a Coventry stockholder's abstention from voting, the failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the merger agreement.**

To approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting, the affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal is required. Because approval of this proposal requires the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote, an abstention will have the same effect as a vote **AGAINST** the proposal to adjourn the Coventry special meeting. The failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the outcome of any vote to adjourn the Coventry special meeting.

To approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger, the affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal is required. Because approval of this proposal requires the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote, an abstention will have the same effect as a vote **AGAINST** the golden parachute compensation proposal. The failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the outcome of any vote to approve the golden parachute compensation proposal.

**Stock Ownership of and Voting by Coventry Directors and Executive Officers.** At the record date for the Coventry special meeting (the close of business on October 15, 2012), Coventry's directors and executive officers and their affiliates beneficially owned and had the right to vote 1,256,969 shares of Coventry common stock at the Coventry special meeting, which represents approximately 0.9% of the shares of Coventry common stock entitled to vote at the Coventry special meeting.

It is expected that Coventry's directors and executive officers will vote their shares **FOR** the adoption of the merger agreement, **FOR** the proposal to adjourn the Coventry special meeting, if necessary, and **FOR** the golden parachute compensation proposal, although none of them has entered into any agreement requiring them to do so.

**What Coventry Stockholders Will Receive in the Merger (See Page 97)**

If the merger is completed, Coventry stockholders will be entitled to receive, in exchange for each share of Coventry common stock that they own immediately prior to the merger, \$27.30 in cash, without interest, and 0.3885 of an Aetna common share, which, together with cash payable in lieu of any fractional shares as described below, are collectively referred to in this proxy statement/prospectus as the merger consideration.



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Aetna will not issue any fractional shares in the merger. Instead, the total number of Aetna common shares that each Coventry stockholder will receive in the merger will be rounded down to the nearest whole number, and each Coventry stockholder will receive cash, without interest, for any fractional Aetna common share that he or she would otherwise receive in the merger. The amount of cash for fractional shares will be calculated by multiplying the fraction of an Aetna common share that the Coventry stockholder would otherwise be entitled to receive in the merger by the average of the volume weighted averages of the trading prices for Aetna common shares on the New York Stock Exchange for each of the five trading days ending on the trading day that is two trading days prior to completion of the merger, which average is referred to in this proxy statement/prospectus as the Aetna closing price.

*Example: If you own 100 shares of Coventry common stock at the time the merger is completed, you will be entitled to receive \$2,730.00 in cash, without interest, and 38 Aetna common shares. In addition, you will be entitled to receive an amount of cash equal to 0.85 of an Aetna common share multiplied by the Aetna closing price.*

The ratio of 0.3885 of an Aetna common share for each share of Coventry common stock (which is referred to in this proxy statement/prospectus as the exchange ratio) is fixed, which means that it will not change between now and the date of the merger, regardless of whether the market price of either Aetna or Coventry common stock changes. Therefore, the value of the stock portion of the merger consideration will depend on the market price of Aetna common shares at the time Coventry stockholders receive Aetna common shares in the merger. **The market price of Aetna common shares has fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the Coventry special meeting and the date the merger is completed and thereafter. The market price of Aetna common shares when received by Coventry stockholders after the merger is completed could be greater than, less than or the same as the market price of Aetna common shares on the date of this proxy statement/prospectus or at the time of the Coventry special meeting.**

### **Treatment of Coventry Equity Awards (See Page 99)**

At completion of the merger, each option to purchase shares of Coventry common stock outstanding under any Coventry employee benefit plan, whether or not vested or exercisable, with a per share exercise price less than the sum of (a) \$27.30 and (b) the product of (i) the Aetna closing price multiplied by (ii) the exchange ratio (which sum is referred to in this proxy statement/prospectus as the equity award cash consideration and which options are referred to in this proxy statement/prospectus as in-the-money options), will be cancelled and converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (x) the excess of (i) the equity award cash consideration over (ii) the applicable per share exercise price of that in-the-money option multiplied by (y) the total number of shares of Coventry common stock underlying that in-the-money option. During the 60-day period following the date of the merger agreement, Aetna and Coventry discussed the treatment of each option to purchase shares of Coventry common stock outstanding under any Coventry employee benefit plan, whether or not vested or exercisable, with a per share exercise price equal to or greater than the equity award cash consideration (which options are referred to in this proxy statement/prospectus as underwater options), taking into account the appropriate terms and conditions of each such underwater option and decided to cancel such underwater options upon completion of the merger. Aetna has agreed to pay the holders of underwater options that execute customary acknowledgments and waivers an amount in cash calculated by reference to the exercise price of the underwater options and equivalent to \$1.00 to \$4.00 for each share of Coventry common stock subject to an underwater option. For active employees of Coventry, such payment will also be conditioned upon such employee remaining employed by the surviving corporation or Aetna for one year following the closing of the merger (subject to acceleration upon certain terminations of employment).

At completion of the merger, each outstanding restricted share of Coventry common stock (which represents a share of Coventry common stock subject to vesting and forfeiture restrictions) will be converted into the right to receive the merger consideration, less applicable withholding taxes.

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At completion of the merger, each Coventry performance share unit and restricted stock unit outstanding under any Coventry employee benefit plan (which are collectively referred to in this proxy statement/prospectus as Coventry stock units) that, pursuant to its terms as of the date of the merger agreement, is vested or becomes vested upon completion of the merger and each Coventry stock unit held by Allen F. Wise, which are collectively referred to in this proxy statement/prospectus as cashed-out units, will be converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (a) the equity award cash consideration multiplied by (b) the number of shares of Coventry common stock underlying that cashed-out unit.

At completion of the merger, each Coventry stock unit outstanding under any Coventry employee benefit plan that, pursuant to its terms as of the date of the merger agreement, is not vested and will not become vested upon completion of the merger (other than Coventry stock units held by Mr. Wise), which are collectively referred to in this proxy statement/prospectus as rollover units, will be converted into a cash-settled Aetna restricted stock unit with the number of Aetna common shares underlying that cash-settled Aetna restricted stock unit equal to the product of (x) the number of shares of Coventry common stock underlying that rollover unit immediately prior to completion of the merger multiplied by (y) the quotient of (i) the equity award cash consideration divided by (ii) the Aetna closing price. Each such cash-settled Aetna restricted stock unit will be subject to the same terms and conditions (including service-based vesting) as applied to the corresponding rollover unit immediately prior to completion of the merger.

### **Recommendations of the Coventry Board of Directors (See Page 56)**

After careful consideration, Coventry's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders and unanimously declared advisable and in all respects approved and adopted the merger agreement, the merger and the other transactions contemplated by the merger agreement. **The Coventry board of directors unanimously recommends that Coventry stockholders vote FOR the adoption of the merger agreement.** For the factors considered by the Coventry board of directors in reaching this decision, see Proposal I: The Merger Coventry Reasons for the Merger; Recommendation of the Coventry Board of Directors that Coventry Stockholders Adopt the Merger Agreement beginning on page 68 of this proxy statement/prospectus.

The Coventry board of directors unanimously recommends that Coventry stockholders vote **FOR** the proposal to adjourn the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting. See Proposal II: Adjournment of the Coventry Special Meeting beginning on page 130 of this proxy statement/prospectus.

In addition, the Coventry board of directors unanimously recommends that Coventry stockholders vote **FOR** the proposal to approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. See Proposal III: Advisory Vote On Golden Parachute Compensation beginning on page 131 of this proxy statement/prospectus.

### **Opinion of Coventry's Financial Advisor (See Page 73)**

The Coventry board of directors received an opinion from Greenhill & Co., LLC, which is referred to in this proxy statement/prospectus as Greenhill, that, as of August 19, 2012, and based on and subject to the qualifications, limitations and assumptions set forth in that opinion, the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. The full text of Greenhill's written opinion, dated August 19, 2012, which sets forth, among other things, the procedures followed, assumptions made, matters considered and qualifications and

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limitations on the scope of review undertaken by Greenhill in rendering its opinion, is attached as Annex B to this proxy statement/prospectus. The opinion was directed to the Coventry board of directors and addresses only the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of Coventry common stock entitled to receive such consideration. The opinion does not address any other aspect or implication of the merger and does not constitute a recommendation to the Coventry board of directors or to any other person in respect of the proposed merger, including as to how any holder of shares of Coventry common stock should vote or act in respect of the merger.

### **Ownership of Aetna After the Merger (See Page 62)**

Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, Aetna expects to issue approximately 52,224,888 Aetna common shares to Coventry stockholders pursuant to the merger. The actual number of Aetna common shares to be issued pursuant to the merger will be determined at completion of the merger based on the exchange ratio of 0.3885 and the number of shares of Coventry common stock (including restricted shares) outstanding at that time. Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, and the number of Aetna common shares outstanding as of October 15, 2012, it is expected that, immediately after completion of the merger, former Coventry stockholders will own approximately 13.5% of the outstanding Aetna common shares.

### **Aetna Shareholder Approval Is Not Required**

Aetna shareholders are not required to adopt the merger agreement or approve the merger or the issuance of the Aetna common shares in connection with the merger.

### **Interests of Certain Persons in the Merger (See Page 120)**

In considering the recommendation of the Coventry board of directors to adopt the merger agreement, Coventry stockholders should be aware that Coventry's directors and executive officers have interests in the merger that may be different from, or in addition to, the interests of Coventry stockholders generally. The Coventry board of directors was aware of these interests and considered them, among other matters, in evaluating and negotiating the merger agreement, in reaching its decision to approve the merger agreement and in recommending to the stockholders that the merger agreement be adopted.

These interests and arrangements include:

executive officers of Coventry continuing as officers or employees of the surviving corporation or Aetna following completion of the merger, until they terminate their service with the surviving corporation or Aetna or are replaced by Aetna;

Coventry executive officers' eligibility to receive certain severance and other benefits upon a qualifying termination of their employment following completion of the merger;

until the end of the calendar year in which the merger occurs, Aetna has agreed to maintain for Coventry employees (including the executive officers) who continue as employees of the surviving corporation following completion of the merger compensation and benefits that are in the aggregate no less favorable than the compensation and benefits provided to those employees immediately prior to completion of the merger;

Coventry executive officers' eligibility to receive a retention payment pursuant to a \$5 million retention pool that Coventry is permitted to establish;

each executive officer of Coventry currently holds equity awards consisting of or relating to shares of Coventry common stock and will receive (i) the merger consideration for restricted shares of Coventry



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common stock and (ii) the equity award cash consideration for in-the-money options and cashed-out units (minus the applicable exercise price for in-the-money options); and

rights to continuing indemnification and directors and officers liability insurance.

**Listing of Aetna Common Shares and Delisting and Deregistration of Coventry Common Stock (See Page 92)**

Aetna will apply to have the Aetna common shares to be issued in the merger approved for listing on the New York Stock Exchange, where Aetna common shares are currently traded. If the merger is completed, Coventry shares will no longer be listed on the New York Stock Exchange and will be deregistered under the Securities Exchange Act of 1934, as amended, which is referred to in this proxy statement/prospectus as the Exchange Act.

**Appraisal Rights Available (See Page 87)**

Under Delaware law, if the merger is completed, record holders of Coventry common stock who do not vote in favor of the adoption of the merger agreement and who otherwise properly assert their appraisal rights will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of Coventry common stock, in lieu of receiving the merger consideration. This value could be more than, the same as, or less than the value of the merger consideration. The relevant provisions of the General Corporation Law of the State of Delaware (which is referred to in this proxy statement/prospectus as the DGCL) are included as Annex C to this proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, Coventry stockholders who are considering exercising that right are encouraged to seek the advice of legal counsel. Failure to comply strictly with these provisions will result in loss of the right of appraisal.

**Completion of the Merger Is Subject to Certain Conditions (See Page 100)**

As more fully described in this proxy statement/prospectus and in the merger agreement, the obligation of each of Aetna and Merger Sub, on the one hand, and Coventry, on the other hand, to complete the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of a number of conditions, including the following:

adoption of the merger agreement by holders of a majority of the outstanding shares of Coventry common stock;

absence of any applicable law (including any order) being in effect that prohibits completion of the merger;

effectiveness of, and absence of any stop order with respect to, the registration statement on Form S-4 of which this proxy statement/prospectus forms a part;

approval for the listing on the New York Stock Exchange of the Aetna common shares to be issued in the merger;

accuracy of the representations and warranties made in the merger agreement by the other party, subject to certain materiality thresholds; and

performance in all material respects by the other party of the covenants and agreements required to be performed by it at or prior to completion of the merger.

In addition, the obligations of Aetna and Merger Sub to complete the merger are subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of certain additional conditions, including (i) expiration or early termination of the waiting period relating to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations thereunder, which is referred to in this



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proxy statement/prospectus as the HSR Act, and (ii) certain actions by or in respect of, and filings with, certain governmental authorities, which are referred to in this proxy statement/prospectus as the required governmental authorizations, having been made or obtained and being in full force and effect, without the imposition of any term or condition that would have or would reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or Coventry (see The Merger Agreement Reasonable Best Efforts Covenant beginning on page 109 of this proxy statement/prospectus for a definition of regulatory material adverse effect).

In addition, the obligation of Coventry to complete the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of certain additional conditions, including (i) expiration or early termination of the waiting period relating to the merger under the HSR Act and (ii) the required governmental authorizations having been made or obtained and being in full force and effect.

Aetna and Coventry cannot be certain when, or if, the conditions to the merger will be satisfied or waived, or that the merger will be completed.

**The Merger May Not Be Completed Without All Required Regulatory Approvals (See Page 86)**

Completion of the merger is conditioned upon the expiration or early termination of the waiting period relating to the merger under the HSR Act and the required governmental authorizations having been made or obtained and being in full force and effect.

Under the HSR Act, certain transactions, including the merger, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the Federal Trade Commission, which is referred to in this proxy statement/prospectus as the FTC, and the Antitrust Division of the Department of Justice, which is referred to in this proxy statement/prospectus as the DOJ. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties' filings of their respective HSR Act notification forms or the early termination of that waiting period. If the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the initial waiting period, the parties must observe a second 30-calendar-day waiting period, which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier. Aetna and Coventry each filed its required HSR Act notification and report with respect to the merger on September 5, 2012. As a part of Aetna's and Coventry's continuing cooperation with the DOJ and in order to provide the DOJ with additional time for review, Aetna re-filed its required HSR Act notification and report with respect to the merger on October 9, 2012. The waiting period under the HSR Act will expire on November 8, 2012, unless it is extended by a request for further information or terminated earlier.

Pursuant to the insurance laws and regulations and, in some instances, the healthcare laws and regulations of certain states, and pursuant to certain licenses and contracts of certain of Coventry's subsidiaries, applicable state regulatory authorities must approve, or be notified of, Aetna's acquisition of control of Coventry's health maintenance organizations, insurance companies and other regulated entities. To obtain these approvals and provide such notices, Aetna, or the applicable Aetna subsidiary, and in some instances Coventry, or the applicable Coventry regulated entity, as the case may be, has filed or will file acquisition of control and material modification or similar statements, notices or applications, as required by the insurance and healthcare laws and regulations of each applicable state or the Coventry regulated entities' licenses and contracts. As of the date of this proxy statement/prospectus, Aetna, or the applicable Aetna subsidiary, has filed all material applications required for state regulatory approval of the merger.

Neither Aetna nor Coventry is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought.

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Aetna and Coventry have agreed to use their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger, which reasonable best efforts may include contesting any proceeding brought by a governmental authority seeking to prohibit completion of the merger or seeking damages or to impose any terms or conditions in connection with the merger. Except as described in the preceding sentence, in using its reasonable best efforts, under the terms of the merger agreement, Aetna is required to take all actions and do all things necessary, proper or advisable to complete the merger in connection with (i) the expiration or early termination of the waiting period relating to the merger under the HSR Act, (ii) any other antitrust law or (iii) the required governmental authorizations, except that Aetna is not required to take any action or agree to any term or condition in connection with those matters if that action, term or condition would have or would reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or on Coventry. In addition, in connection with obtaining the regulatory approvals required to complete the merger, (x) neither Aetna nor Coventry is required to take any action or agree to any term or condition that is not conditioned upon completion of the merger and (y) Coventry is not permitted to take any action or agree to any term or condition without Aetna's consent.

**Financing (See Page 93)**

The merger agreement is not subject to a financing condition. On September 24, 2012, Aetna entered into a 364-day senior unsecured bridge credit agreement, which is referred to in this proxy statement/prospectus as the bridge credit agreement, with a group of thirteen lenders, who are collectively referred to in this proxy statement/prospectus as the bridge lenders, to finance up to \$2.0 billion of the cash consideration payable by Aetna in connection with the merger to the extent that Aetna has not received \$2.0 billion of net cash proceeds from the issuance of senior notes or from certain other transactions at or prior to completion of the merger. The bridge lenders' obligation to fund the bridge loan is subject to several conditions as set forth in the bridge credit agreement, including, among others, completion of the merger, the non-occurrence of a material adverse effect on Coventry, the accuracy of certain representations and warranties related to both Aetna and Coventry, the absence of certain defaults by Aetna, Aetna's satisfaction of a maximum ratio of consolidated total indebtedness to adjusted consolidated capitalization, Aetna having obtained public credit ratings of Aetna's senior unsecured debt taking into account the merger, Aetna's delivery of certain financial statements, the termination of Coventry's existing credit agreement dated as of June 22, 2011, Aetna having used commercially reasonable efforts to cause the senior notes to be issued and other conditions to completion. For a more complete description of Aetna's debt financing for the merger, see Proposal I: The Merger Description of Debt Financing beginning on page 93 of this proxy statement/prospectus.

**The Merger Is Expected to be Completed in Mid-2013 (See Page 97)**

The merger will occur within two business days after the conditions to its completion have been satisfied or, to the extent permitted by applicable law, waived, unless otherwise mutually agreed by the parties. As of the date of this proxy statement/prospectus, the merger is expected to be completed in mid-2013. However, there can be no assurance as to when, or if, the merger will occur.

**No Solicitation by Coventry (See Page 107)**

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the exceptions described below, Coventry has agreed not to, among other things, (i) solicit, initiate or take any action to knowingly facilitate or knowingly encourage the submission of any competing acquisition proposal from any third party, (ii) enter into or participate in any discussions or negotiations with any third party that is seeking to make, or has made, a competing acquisition proposal or (iii) withdraw or modify in a manner adverse to Aetna the recommendation of the Coventry board of directors that Coventry stockholders adopt the merger agreement.



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However, at any time prior to the adoption of the merger agreement by Coventry stockholders, subject to the terms and conditions described in the merger agreement, Coventry is permitted to:

engage in negotiations or discussions with any third party that has made after the date of the merger agreement a superior acquisition proposal or a competing acquisition proposal that is reasonably likely to lead to a superior acquisition proposal;

following receipt of a superior acquisition proposal after the date of the merger agreement, (a) withdraw or modify in a manner adverse to Aetna the recommendation of the Coventry board of directors that Coventry stockholders adopt the merger agreement and/or (b) subject to payment to Aetna of the termination fee as more fully described below, terminate the merger agreement to enter into a definitive agreement providing for that superior acquisition proposal; and

withdraw or modify in a manner adverse to Aetna the recommendation of the Coventry board of directors that Coventry stockholders adopt the merger agreement in response to certain events (other than receipt of a superior acquisition proposal).

Coventry is only permitted to take the actions described above if Coventry's board of directors determines that the failure to take that action would be reasonably likely to be inconsistent with its fiduciary duties to Coventry stockholders under applicable law. In addition, Coventry is not permitted to withdraw or modify the recommendation of the Coventry board of directors that Coventry stockholders adopt the merger agreement (or terminate the merger agreement to enter into a definitive agreement providing for a superior acquisition proposal) unless, before taking that action, Coventry notifies Aetna that it intends to take that action and, if requested by Aetna, negotiates in good faith with Aetna for certain periods of time regarding any proposal by Aetna to amend the terms of the merger agreement.

**Termination of the Merger Agreement (See Page 115)**

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the terms and conditions described in the merger agreement, the merger agreement may be terminated at any time before completion of the merger in any of the following ways:

by mutual written consent of Aetna and Coventry;

by either Aetna or Coventry, if:

the merger has not been completed on or before August 19, 2013, which is referred to in this proxy statement/prospectus as the initial end date, unless all conditions to completion have been satisfied on the initial end date other than the regulatory approvals condition and either Aetna or Coventry elects to extend the initial end date to November 19, 2013, which together with the initial end date is referred to in this proxy statement/prospectus as the end date, in which case the merger agreement may be terminated by either Aetna or Coventry if the merger has not been completed on or before November 19, 2013;

there is in effect any final and non-appealable order of any governmental authority that prohibits completion of the merger;

Coventry stockholders fail to adopt the merger agreement upon a vote taken on a proposal to adopt the merger agreement; or

there has been a breach of any representation or warranty made by, or failure to perform any covenant or agreement to be performed by, the other party, in each case that would cause the failure of the condition to completion related to accuracy of representations and warranties or performance of covenants and agreements, and that breach or failure to perform either is incapable of being cured or has not been cured within 30 days following notice to the breaching or failing-to-perform party;



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by Aetna, if:

Coventry's board of directors withdraws or modifies in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement or fails to publicly confirm that recommendation within seven business days of a request to do so from Aetna; or

Coventry has breached in any material respect any of its obligations described under The Merger Agreement No Solicitation by Coventry beginning on page 107 of this proxy statement/prospectus or its obligations to call and hold a meeting of its stockholders for purposes of voting on a proposal to adopt the merger agreement; or

by Coventry:

prior to Coventry stockholders adopting the merger agreement, in order to enter into a definitive agreement providing for a superior acquisition proposal; or

if (i) there is in effect any order in respect of certain regulatory matters that prohibits completion of the merger, which order has not become final and non-appealable, (ii) within 30 days of that order taking effect, Aetna has not instituted appropriate proceedings seeking to have that order terminated and (iii) Aetna's failure to institute appropriate proceedings has not been cured within 10 days following notice to Aetna from Coventry of Coventry's intent to terminate the merger agreement.

**Termination Fees (See Page 117)**

As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the terms and conditions described in the merger agreement, Coventry has agreed to pay Aetna a termination fee of \$167.5 million if the merger agreement is terminated under any of the following circumstances:

by Aetna because Coventry's board of directors withdraws or modifies in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement or fails to publicly confirm that recommendation within seven business days of a request to do so from Aetna;

by Aetna because Coventry has breached in any material respect any of its obligations described under The Merger Agreement No Solicitation by Coventry beginning on page 107 of this proxy statement/prospectus or its obligations to call and hold a meeting of its stockholders for purposes of voting on a proposal to adopt the merger agreement;

by Aetna or Coventry because Coventry stockholders fail to adopt the merger agreement upon a vote taken on a proposal to adopt the merger agreement at a Coventry stockholders' meeting and Coventry's board of directors has withdrawn or modified in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement;

by Aetna or Coventry because Coventry stockholders fail to adopt the merger agreement upon a vote taken on a proposal to adopt the merger agreement at a Coventry stockholders' meeting and (i) Coventry's board of directors has not withdrawn or modified in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement and (ii) a competing acquisition proposal has been publicly announced before the Coventry stockholders' meeting, except that Coventry initially will only be required to pay Aetna 25% of the \$167.5 million termination fee upon termination of the merger agreement under these circumstances, with the remaining 75% of the termination fee payable to Aetna if Coventry accepts a competing acquisition proposal within 12 months of termination; or

by Coventry prior to Coventry stockholders adopting the merger agreement, in order to enter into a definitive agreement providing for a superior acquisition proposal.

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As more fully described in this proxy statement/prospectus and in the merger agreement, and subject to the terms and conditions described in the merger agreement, Aetna has agreed to pay Coventry a termination fee of \$450.0 million if both (x) the merger agreement is terminated under any the following circumstances:

by Coventry or Aetna because the merger has not been completed on or before the end date;

by Coventry or Aetna because there is in effect any final and non-appealable order in respect of certain regulatory matters that prohibits completion of the merger; or

by Coventry because (i) there is in effect any order in respect of certain regulatory matters that prohibits completion of the merger, which order has not become final and non-appealable, (ii) within 30 days of that order taking effect, Aetna has not instituted appropriate proceedings seeking to have that order terminated and (iii) Aetna's failure to institute appropriate proceedings has not been cured within 10 days following notice to Aetna from Coventry of Coventry's intent to terminate the merger agreement; and (y) at the time of termination of the merger agreement, all of the conditions to Aetna's and Merger Sub's obligations to complete the merger are satisfied other than (i) the regulatory approvals condition and (ii) the condition requiring the absence of any applicable law being in effect that prohibits completion of the merger (but only if that condition is not satisfied solely due to a final and non-appealable order in respect of certain regulatory matters).

Except in the case of fraud, if either party receives a termination fee in accordance with the provisions of the merger agreement, the receipt of the termination fee will be the receiving party's sole and exclusive remedy against the paying party.

See "The Merger Agreement Termination Fee and Expenses" beginning on page 117 of this proxy statement/prospectus for a more complete description of the circumstances under which Coventry or Aetna will be required to pay a termination fee.

**Specific Performance; Remedies (See Page 118)**

Under the merger agreement, each of Aetna and Coventry is entitled to seek an injunction or injunctions to prevent breaches of the merger agreement or to enforce specifically the terms and provisions of the merger agreement, in addition to any other remedy to which that party may be entitled at law or in equity.

**Material U.S. Federal Income Tax Consequences (See Page 90)**

In general, U.S. holders (as defined under "Proposal I: The Merger Material U.S. Federal Income Tax Consequences" beginning on page 90 of this proxy statement/prospectus) will recognize capital gain or loss for U.S. federal income tax purposes on the exchange of their Coventry common stock for Aetna common shares and cash in an amount equal to the difference, if any, between (i) the sum of the fair market value of the Aetna common shares on the date of the exchange and cash received (including cash received in lieu of a fractional Aetna common share) and (ii) the U.S. holder's adjusted tax basis in the Coventry common stock surrendered in the exchange.

**The U.S. federal income tax consequences described above may not apply to all holders of Coventry common stock, including certain holders specifically referred to on page 90 of this proxy statement/prospectus. Your tax consequences will depend on your own situation. You should consult your tax advisor to determine the particular tax consequences of the merger to you.**

**Table of Contents****Accounting Treatment (See Page 92)**

The merger will be accounted for as an acquisition of a business. Aetna will record assets acquired and liabilities assumed from Coventry primarily at their respective fair values at the date of completion of the merger. Any excess of the purchase price (as described under *Note 4. Estimate of Consideration Expected to be Transferred* under Aetna And Coventry Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 30 of this proxy statement/prospectus) over the net fair value of such assets and liabilities will be recorded as goodwill.

**Rights of Coventry Stockholders Will Change as a Result of the Merger (See Page 138)**

Coventry stockholders will have different rights once they become Aetna shareholders due to differences between the organizational documents of Aetna and Coventry and differences between Pennsylvania law, where Aetna is incorporated, and Delaware law, where Coventry is incorporated. These differences are described in more detail under *Comparison of Stockholder Rights* beginning on page 138 of this proxy statement/prospectus.

**Litigation Relating to the Merger (See Page 92)**

On August 23, 2012, a putative stockholder class action lawsuit captioned *Coyne v. Wise et al.*, C.A. No. 367380, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. On August 27, 2012, a second putative stockholder class action lawsuit captioned *O'Brien v. Coventry Health Care, Inc. et al.*, C.A. 367577, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 5, 2012, a third putative stockholder class action lawsuit captioned *Preze v. Coventry Health Care, Inc. et al.*, C.A. 367942, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. The complaints in all three lawsuits generally allege, among other things, that the individual defendants breached their fiduciary duties owed to public stockholders of Coventry in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these alleged breaches of fiduciary duty. In addition, the complaints generally allege that the proposed merger improperly favors Aetna and that certain provisions of the merger agreement unduly restrict Coventry's ability to negotiate with other potential bidders. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger or, in the event that an injunction is not awarded, unspecified money damages, costs and attorneys' fees.

On August 31, 2012, a putative stockholder class action lawsuit captioned *Brennan v. Coventry Health Care, Inc. et al.*, C.A. No. 7826-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 14, 2012, a second putative stockholder class action lawsuit captioned *Nashelsky v. Coventry Health Care, Inc. et al.*, C.A. No. 7868-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 27, 2012, and September 28, 2012, putative stockholder class action lawsuits captioned *Employees' Retirement System of the Government of the Virgin Islands v. Coventry Health Care, Inc. et al.*, C.A. No. 7905-CS, and *Farina v. Coventry Health Care, Inc. et al.*, C.A. No. 7909-CS, were filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On October 1, 2012, an amended complaint was filed in the *Brennan v. Coventry Health Care, Inc.* action. The complaints generally allege that, among other things, the individual defendants breached their fiduciary duties owed to the public stockholders of Coventry in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these alleged breaches of fiduciary duty. In addition, the complaints generally allege that certain provisions of the merger agreement unduly restrict Coventry's ability to negotiate with other potential bidders and that the merger agreement lacks adequate safeguards on behalf of Coventry's stockholders against

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the decline in the value of the stock component of the merger consideration. The complaints in the Employees Retirement System of the Government of the Virgin Islands, and Farina actions and the amended complaint in the Brennan action also generally allege that Aetna's Registration Statement on Form S-4 filed on September 21, 2012, contained various deficiencies. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger, rescissionary and other types of damages and costs and attorneys' fees.

On October 4, 2012, the Court of Chancery of the State of Delaware entered an order consolidating the four Delaware actions under the caption In re Coventry Health Care, Inc. Shareholder Litigation, Consolidated C.A. No. 7905-CS, appointing the Employees Retirement System of the Government of the Virgin Islands, the General Retirement System of the City of Detroit, and the Police and Fire Retirement System of the City of Detroit as Co-Lead Plaintiffs. On October 5, 2012, plaintiffs in the consolidated Delaware action filed a motion for expedited proceedings, and on October 10, 2012, plaintiffs in the consolidated Delaware action filed a motion to preliminarily enjoin the defendants from taking any action to consummate the merger. The parties have since reached agreement on the schedule for those proceedings, which was entered by order of the Court on October 12, 2012. Pursuant to that scheduling order, a hearing on plaintiffs' preliminary injunction motion has been scheduled for November 20, 2012.

**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF AETNA**

The following table presents selected historical consolidated financial data of Aetna. The selected financial data of Aetna for each of the years ended December 31, 2011, 2010 and 2009, and as of December 31, 2011 and 2010, are derived from Aetna's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference into this proxy statement/prospectus. The selected financial data of Aetna for each of the years ended December 31, 2008 and 2007, and as of December 31, 2009, 2008 and 2007, have been derived from Aetna's audited consolidated financial statements for such years, which have not been incorporated by reference into this proxy statement/prospectus. The selected financial data of Aetna as of, and for the six months ended, June 30, 2012, are derived from Aetna's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, which is incorporated by reference into this proxy statement/prospectus. The selected financial data of Aetna as of, and for the six months ended, June 30, 2011, are derived from Aetna's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which has not been incorporated by reference into this proxy statement/prospectus. Aetna's management believes that Aetna's interim unaudited financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period.

	As of/For the Six Months Ended		As of/For the Years Ended December 31,				
	6/30/2012	6/30/2011	2011	2010	2009	2008	2007
(millions of dollars, except per share amounts)							
<b>Income Statement Data:</b>							
Revenue	\$ 17,750.9	\$ 16,732.2	\$ 33,779.8	\$ 34,246.0	\$ 34,764.1	\$ 30,950.7	\$ 27,599.6
Net income	968.6	1,122.7	1,985.7	1,766.8	1,276.5	1,384.1	1,831.0
Net realized capital gains (losses), net of tax	39.2	39.7	109.1	183.8	55.0	(482.3)	(47.9)
<b>Balance Sheet Data:</b>							
Total assets	\$ 39,452.7	\$ 38,218.2	\$ 38,593.1	\$ 37,739.4	\$ 38,550.4	\$ 35,852.5	\$ 50,724.7
Short-term debt		549.9	425.9		480.8	215.7	130.7
Long-term debt	4,706.3	3,976.5	3,977.7	4,382.5	3,639.5	3,638.3	3,138.5
Shareholders' equity	10,255.8	10,423.5	10,120.2	9,890.8	9,503.8	8,186.4	10,038.4
<b>Per Common Share Data:</b>							
Cumulative dividends declared	\$0.35	\$0.30	\$0.625(1)	\$0.04	\$0.04	\$0.04	\$0.04
Net income:							
Basic	2.80	2.94	5.33	4.25	2.89	2.91	3.60
Diluted	2.76	2.88	5.22	4.18	2.84	2.83	3.47

- (1) On February 4, 2011, Aetna announced that its board of directors increased its cash dividend to shareholders to \$0.15 per common share and moved to a quarterly dividend payment cycle. On December 2, 2011, Aetna announced that its board of directors increased its quarterly cash dividend to shareholders to \$0.175 per Aetna common share.



**Table of Contents****SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF COVENTRY**

The following table presents selected historical consolidated financial data of Coventry. The selected financial data of Coventry for each of the years ended December 31, 2011, 2010 and 2009, and as of December 31, 2011 and 2010, are derived from Coventry's audited consolidated financial statements and related notes contained in its Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated by reference into this proxy statement/prospectus. The selected financial data of Coventry for each of the years ended December 31, 2008 and 2007, and as of December 31, 2009, 2008 and 2007, have been derived from Coventry's audited consolidated financial statements for such years, which have not been incorporated by reference into this proxy statement/prospectus. The selected financial data of Coventry as of, and for the six months ended, June 30, 2012, are derived from Coventry's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, which is incorporated by reference into this proxy statement/prospectus. The selected financial data of Coventry as of, and for the six months ended, June 30, 2011, are derived from Coventry's unaudited consolidated financial statements and related notes contained in its Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, which has not been incorporated by reference into this proxy statement/prospectus. Coventry's management believes that Coventry's interim unaudited financial statements have been prepared on a basis consistent with its audited financial statements and include all normal and recurring adjustments necessary for a fair presentation of the results for each interim period.

	As of/For the Six Months Ended		As of/For the Years Ended December 31,				
	6/30/2012	6/30/2011	2011	2010	2009	2008	2007
(millions of dollars, except per share amounts)							
<b>Income Statement Data (1)(2)</b>							
Revenue	\$ 7,209.8	\$ 6,082.0	\$ 12,186.7	\$ 11,587.9	\$ 13,903.5	\$ 11,734.2	\$ 9,694.2
Income from continuing operations	262.5	334.7	543.1	438.6	315.3	362.0	605.4
(Loss) income from discontinued operations, net of tax					(73.0)	19.9	20.7
Net income	262.5	334.7	543.1	438.6	242.3	381.9	626.1
<b>Balance Sheet Data (1)(2)</b>							
Total assets	\$ 8,873.4	\$ 8,884.0	\$ 8,813.5	\$ 8,495.6	\$ 8,166.5	\$ 7,727.4	\$ 7,158.8
Short-term debt		233.9	233.9				
Long-term debt	1,584.9	1,584.5	1,584.7	1,599.4	1,599.0	1,902.5	1,662.0
Stockholders' equity	4,506.3	4,494.8	4,511.0	4,199.2	3,712.6	3,430.7	3,301.5
<b>Per Common Share Data (1)</b>							
Cumulative dividends declared	\$0.25						
Net income:							
Basic	1.86	2.25	3.75	3.00	1.65	2.56	4.04
Diluted	1.85	2.23	3.70	2.97	1.64	2.54	3.98

- (1) Balance Sheet Data includes balances for Coventry's acquisitions as of December 31 of the year of the applicable acquisition. Income Statement Data and Per Common Share Data include results of operations of Coventry's acquisitions from the date of the applicable acquisition. See the notes to the consolidated financial statements contained in Coventry's Annual Report on Form 10-K for the year ended December 31, 2011, for information about Coventry's acquisitions.
- (2) See Note D, Discontinued Operations, to the consolidated financial statements contained in Coventry's Annual Report on Form 10-K for the year ended December 31, 2011, for additional information about Coventry's discontinued operations presentation. Revenue and income from continuing operations exclude First Health Services Corporation operating results for each year presented due to the sale of this business in July 2009. Balance Sheet Data does not exclude First Health Services Corporation balances for 2008 and prior periods as such amounts are immaterial.

**Table of Contents****COMPARATIVE HISTORICAL AND UNAUDITED PRO FORMA PER SHARE DATA**

The following table sets forth selected historical and unaudited pro forma combined per share information for Aetna and Coventry.

**Historical Per Share Information of Aetna and Coventry.** The historical per share information of each of Aetna and Coventry below is derived from the audited consolidated financial statements of each of Aetna and Coventry as of, and for the year ended, December 31, 2011, and the unaudited consolidated financial statements of each of Aetna and Coventry as of, and for the six months ended, June 30, 2012.

**Unaudited Pro Forma Combined per Aetna Common Share Data.** The unaudited pro forma combined per Aetna common share data set forth below gives effect to the merger under the acquisition method of accounting, as if the merger had been effective on January 1, 2011, the first day of Aetna's fiscal year ended December 31, 2011, in the case of income from continuing operations and cash dividends data and at December 31, 2011, in the case of book value per share data, and assuming that each outstanding share of Coventry common stock had been converted into Aetna common shares based on the exchange ratio (0.3885 of an Aetna common share for each share of Coventry common stock). The exchange ratio does not include the \$27.30 cash portion of the merger consideration.

The unaudited pro forma combined per Aetna common share data is derived from the audited consolidated financial statements of each of Aetna and Coventry as of, and for the year ended, December 31, 2011, and the unaudited consolidated financial statements of each of Aetna and Coventry as of, and for the six months ended, June 30, 2012.

The acquisition method of accounting is based on Financial Accounting Standards Board, Accounting Standards Codification (which is referred to in this proxy statement/prospectus as ASC) 805, *Business Combinations*, and uses the fair value concepts defined in ASC 820, *Fair Value Measurements and Disclosures*, which Aetna has adopted as required. Acquisition accounting requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. The acquisition accounting is dependent upon certain valuations of Coventry's assets and liabilities and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Accordingly, the pro forma adjustments reflect the assets and liabilities of Coventry at their preliminary estimated fair values. Differences between these preliminary estimates and the final acquisition accounting will occur and these differences could have a material impact on the unaudited pro forma combined per share information set forth in the following table.

The unaudited pro forma combined per Aetna common share data does not purport to represent the actual results of operations that Aetna would have achieved had the companies been combined during these periods or to project the future results of operations that Aetna may achieve after the merger.

**Unaudited Pro Forma Combined per Coventry Equivalent Share Data.** The unaudited pro forma combined per Coventry equivalent share data set forth below shows the effect of the merger from the perspective of an owner of Coventry common stock. The information was calculated by multiplying the unaudited pro forma combined per Aetna common share amounts by the exchange ratio of 0.3885.

**Generally.** You should read the below information in conjunction with the selected historical consolidated financial information included elsewhere in this proxy statement/prospectus and the historical consolidated financial statements of Aetna and Coventry and related notes that have been filed with the Securities and Exchange Commission (which we refer to in this proxy statement/prospectus as the SEC), certain of which are incorporated by reference into this proxy statement/prospectus. See [Selected Historical Consolidated Financial Data of Aetna](#), [Selected Historical Consolidated Financial Data of Coventry](#) and [Where You Can Find More Information](#) beginning on pages 24, 25 and 152, respectively, of this proxy statement/prospectus. The unaudited

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pro forma combined per Aetna common share data and the unaudited pro forma combined per Coventry equivalent share data is derived from, and should be read in conjunction with, the Aetna and Coventry unaudited pro forma condensed combined financial statements and related notes included in this proxy statement/prospectus. See Aetna and Coventry Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 30 of this proxy statement/prospectus.

	As of/For the Six Months Ended June 30, 2012	As of/For the Year Ended December 31, 2011
<b>Aetna Historical per Common Share Data:</b>		
Net income basic	\$ 2.80	\$ 5.33
Net income diluted	2.76	5.22
Cash dividends paid	0.35	0.45
Book value (1)	30.69	28.94
<b>Coventry Historical per Common Share Data:</b>		
Net income basic	\$ 1.86	\$ 3.75
Net income diluted	1.85	3.70
Cash dividends paid	0.125	0.00
Book value (1)	33.67	31.95
<b>Unaudited Pro Forma Combined per Aetna Common Share Data:</b>		
Net income basic	\$ 3.02	\$ 5.78
Net income diluted	2.98	5.68
Cash dividends paid (2)	N/A	N/A
Book value (1)	32.20	N/A
<b>Unaudited Pro Forma Combined per Coventry Equivalent Share Data:</b>		
Net income basic (3)	\$ 1.17	\$ 2.25
Net income diluted (3)	1.16	2.21
Cash dividends paid (2)	N/A	N/A
Book value (1)(3)	12.51	N/A

- (1) Amount is calculated by dividing shareholders' equity by common shares or shares of common stock, as applicable, outstanding. Pro forma book value per share as of December 31, 2011, is not meaningful as the estimated pro forma adjustments were calculated as of June 30, 2012.
- (2) Pro forma combined dividends per share is not presented as the dividend policy for the combined entity will be determined by the Aetna board of directors following completion of the merger.
- (3) Amounts calculated by multiplying unaudited pro forma combined per share amounts by the exchange ratio in the merger (0.3885 of an Aetna common share for each share of Coventry common stock).

**Table of Contents****COMPARATIVE PER SHARE MARKET PRICE AND DIVIDEND INFORMATION****Market Prices**

The following table sets forth, for the calendar periods indicated, the intra-day high and low sales prices per Aetna common share and share of Coventry common stock as reported on the New York Stock Exchange. The New York Stock Exchange has been the principal trading market for Aetna common shares and Coventry common stock since December 14, 2000, and May 16, 2001, respectively.

	Aetna Common Shares		Coventry Common Stock	
	High	Low	High	Low
<b>2010:</b>				
First Calendar Quarter	\$ 35.62	\$ 27.94	\$ 27.27	\$ 21.82
Second Calendar Quarter	35.96	26.26	25.53	17.59
Third Calendar Quarter	31.84	25.00	22.14	16.61
Fourth Calendar Quarter	32.41	29.54	27.44	20.35
<b>2011:</b>				
First Calendar Quarter	\$ 39.23	\$ 30.60	\$ 32.71	\$ 26.45
Second Calendar Quarter	46.01	36.10	36.99	29.75
Third Calendar Quarter	45.39	34.50	37.86	26.17
Fourth Calendar Quarter	43.89	33.43	33.56	25.78
<b>2012:</b>				
First Calendar Quarter	\$ 51.14	\$ 41.05	\$ 36.04	\$ 29.02
Second Calendar Quarter	50.47	38.52	35.55	27.72
Third Calendar Quarter	40.94	34.58	42.29	30.13
Fourth Calendar Quarter (through October 15, 2012)	43.97	39.50	43.77	41.58

The following table sets forth the closing sale price per Aetna common share and share of Coventry common stock as reported on the New York Stock Exchange as of August 17, 2012, the last trading day before the public announcement of the merger agreement, and as of October 15, 2012, the most recent practicable trading day prior to the date of this proxy statement/prospectus. The table also shows the implied value of the merger consideration proposed for each share of Coventry common stock as of the same two dates. This implied value was calculated by multiplying the closing sale price of an Aetna common share on the relevant date by the exchange ratio of 0.3885 and adding the cash portion of the merger consideration, or \$27.30.

	Aetna Common Shares	Coventry Common Stock	Implied Per Share Value of Merger Consideration
August 17, 2012	\$ 38.04	\$ 34.94	\$ 42.08
October 15, 2012	\$ 43.92	\$ 43.70	\$ 44.36

The market prices of Aetna common shares and Coventry common stock have fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the Coventry special meeting and the date the merger is completed and thereafter. No assurance can be given concerning the market prices of Aetna common shares or Coventry common stock before completion of the merger or Aetna common shares after completion of the merger. The exchange ratio is fixed in the merger agreement, but the market price of Aetna common shares (and therefore the value of the merger consideration) when received by Coventry stockholders after the merger is completed could be greater than, less than or the same as shown in the table above. Accordingly, Coventry stockholders are advised to obtain current market quotations for Aetna common shares and Coventry common stock in deciding whether to vote for adoption of the merger agreement.

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**Dividends**

Aetna currently pays a quarterly dividend on Aetna common shares and last paid a dividend on July 27, 2012, of \$0.175 per share. In addition, on September 28, 2012, Aetna declared a dividend of \$0.175 per share, which will be paid on October 26, 2012, to Aetna shareholders of record at the close of business on October 11, 2012. Under the terms of the merger agreement, during the period before completion of the merger, Aetna is not permitted to declare, set aside or pay any dividend or other distribution other than its regular cash dividend in the ordinary course of business consistent with past practice.

Coventry currently pays a quarterly dividend on Coventry common stock and last paid a dividend on October 8, 2012, of \$0.125 per share. Under the terms of the merger agreement, during the period before completion of the merger, Coventry is not permitted to declare, set aside or pay any dividend or other distribution other than its regular cash dividend in the ordinary course of business consistent with past practice in an amount not to exceed \$0.125 per share per quarter.

Any former Coventry stockholder who holds the Aetna common shares into which Coventry common stock has been converted in connection with the merger will receive whatever dividends are declared and paid on Aetna common shares after completion of the merger. However, no dividend or other distribution having a record date after completion of the merger will actually be paid with respect to any Aetna common shares into which Coventry common stock has been converted in connection with the merger until the certificates formerly representing shares of Coventry common stock have been surrendered (or the book-entry shares formerly representing shares of Coventry common stock have been transferred), at which time any accrued dividends and other distributions on those Aetna common shares will be paid without interest. Any future dividends by Aetna will be made at the discretion of the Aetna board of directors. Any future dividends by Coventry will be made at the discretion of the Coventry board of directors. There can be no assurance that any future dividends will be declared or paid by Aetna or Coventry or as to the amount or timing of those dividends, if any.

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**AETNA AND COVENTRY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS**

The unaudited pro forma condensed combined statements of income for the fiscal year ended December 31, 2011, and for the six months ended June 30, 2012, combine the historical consolidated statements of income of Aetna and Coventry, giving effect to the merger as if it had occurred on the first day of each period presented. The unaudited pro forma condensed combined balance sheet as of June 30, 2012, combines the historical consolidated balance sheets of Aetna and Coventry, giving effect to the merger as if it had occurred on June 30, 2012. The historical consolidated financial information has been adjusted in the unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (i) directly attributable to the merger, (ii) factually supportable, and (iii) with respect to the statements of income, expected to have a continuing impact on the combined results. The unaudited pro forma condensed combined financial information should be read in conjunction with the accompanying notes to the unaudited pro forma condensed combined financial statements. In addition, the unaudited pro forma condensed combined financial information was based on and should be read in conjunction with the following historical consolidated financial statements and accompanying notes, which are incorporated by reference into this joint proxy statement/prospectus:

separate historical financial statements of Aetna as of, and for the year ended, December 31, 2011, and the related notes included in Aetna's Annual Report on Form 10-K for the year ended December 31, 2011;

separate historical financial statements of Coventry as of, and for the year ended, December 31, 2011, and the related notes included in Coventry's Annual Report on Form 10-K for the year ended December 31, 2011;

separate historical financial statements of Aetna as of, and for the six months ended, June 30, 2012, and the related notes included in Aetna's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012; and

separate historical financial statements of Coventry as of, and for the six months ended, June 30, 2012, and the related notes included in Coventry's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012.

The unaudited pro forma condensed combined financial information has been prepared by Aetna using the acquisition method of accounting in accordance with U.S. generally accepted accounting principles (which is referred to in this proxy statement/prospectus as GAAP). Aetna has been treated as the acquirer in the merger for accounting purposes. The acquisition accounting is dependent upon certain valuation and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. The proposed merger has not yet received the necessary approvals from governmental authorities, and under the HSR Act and other relevant laws and regulations, before completion of the merger, there are significant limitations regarding what Aetna can learn about Coventry. The assets and liabilities of Coventry have been measured based on various preliminary estimates using assumptions that Aetna believes are reasonable based on information that is currently available. Differences between these preliminary estimates and the final acquisition accounting will occur, and those differences could have a material impact on the accompanying unaudited pro forma condensed combined financial statements and the combined company's future results of operations and financial position. The pro forma adjustments are preliminary and have been made solely for the purpose of providing unaudited pro forma condensed combined financial statements prepared in accordance with the rules and regulations of the SEC.

Aetna intends to commence the necessary valuation and other studies required to complete the acquisition accounting promptly upon completion of the merger and will finalize the acquisition accounting as soon as practicable within the required measurement period in accordance with ASC 805, but in no event later than one year following completion of the merger.

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The unaudited pro forma condensed combined financial information has been presented for informational purposes only. The unaudited pro forma condensed combined financial information does not purport to represent the actual results of operations that Aetna and Coventry would have achieved had the companies been combined during these periods and is not intended to project the future results of operations that the combined company may achieve after the merger. The unaudited pro forma condensed combined financial information does not reflect the realization of any cost savings following completion of the merger and also does not reflect any related restructuring and integration charges to achieve those cost savings. Material intercompany transactions between Aetna and Coventry during the periods presented in the unaudited pro forma condensed combined financial statements have been eliminated (refer to *Note 7. Income Statement Pro Forma Adjustments* and *Note 8. Balance Sheet Pro Forma Adjustments*).

**Table of Contents****Unaudited Pro Forma Condensed Combined****Statement of Income****For the Year Ended December 31, 2011**

	Aetna	Coventry	Disposition (Note 6)	Pro Forma Adjustments (Note 7)	Pro Forma Combined
	(Millions, except per common share data)				
<b>Revenue:</b>					
Health care and other premiums	\$ 28,965.0	\$ 11,015.0	\$ (138.4)	\$	\$ 39,841.6
Fees and other revenue	3,884.0	1,191.3		(21.7)(a)	5,053.6
Net investment income	930.8	69.4	(.8)	(35.8)(b)(c)	963.6
<b>Total revenue</b>	<b>33,779.8</b>	<b>12,275.7</b>	<b>(139.2)</b>	<b>(57.5)</b>	<b>45,858.8</b>
<b>Benefits and expenses:</b>					
Health care costs and benefits	23,530.0	9,324.9	(125.2)		32,729.7
Selling, general and administrative expenses	6,925.1	1,993.6	(14.5)	23.3(a)(d)(e)	8,927.5
Interest expense	246.9	99.1		30.5(f)	376.5
Total benefits and expenses	30,702.0	11,417.6	(139.7)	53.8	42,033.7
Income before income taxes	3,077.8	858.1	.5	(111.3)	3,825.1
Income tax expense	1,092.1	315.0	.2	(39.0)(g)	1,368.3
<b>Net income</b>	<b>\$ 1,985.7</b>	<b>\$ 543.1</b>	<b>\$ .3</b>	<b>\$ (72.3)</b>	<b>\$ 2,456.8</b>
<b>Earnings per common share:</b>					
Basic	\$ 5.33	\$ 3.75			\$ 5.78
Diluted	\$ 5.22	\$ 3.70			\$ 5.68
<b>Weighted-average shares:</b>					
Basic	372.5	144.8		(92.6)(h)	424.7
Diluted	380.2	146.7		(94.5)(h)	432.4

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 7. Income Statement Pro Forma Adjustments*, beginning on page 40 of this proxy statement/prospectus.



**Table of Contents****Unaudited Pro Forma Condensed Combined****Statement of Income****For the Six Months Ended June 30, 2012**

	Aetna	Coventry	Disposition (Note 6)	Pro Forma Adjustments (Note 7)	Pro Forma Combined
	(Millions, except per common share data)				
<b>Revenue:</b>					
Health care and other premiums	\$ 15,300.4	\$ 6,595.9	\$ (76.4)	\$	\$ 21,819.9
Fees and other revenue	1,987.1	632.4		(9.1)(a)	2,610.4
Net investment income	463.4	36.4	(.5)	(13.6)(b)(c)	485.7
<b>Total revenue</b>	<b>\$ 17,750.9</b>	<b>\$ 7,264.7</b>	<b>\$ (76.9)</b>	<b>\$ (22.7)</b>	<b>\$ 24,916.0</b>
<b>Benefits and expenses:</b>					
Health care costs and benefits	\$ 12,760.0	\$ 5,700.6	\$ (67.2)	\$	\$ 18,393.4
Selling, general and administrative expenses	3,387.2	1,087.5	(8.0)	4.5(a)(d)(e)	4,471.2
Interest expense	123.7	50.2		15.7(f)	189.6
Total benefits and expenses	16,270.9	6,838.3	(75.2)	20.2	23,054.2
Income before income taxes	1,480.0	426.4	(1.7)	(42.9)	1,861.8
Income tax expense	511.4	163.9	(.6)	(15.0)(g)	659.7
<b>Net income</b>	<b>\$ 968.6</b>	<b>\$ 262.5</b>	<b>\$ (1.1)</b>	<b>\$ (27.9)</b>	<b>\$ 1,202.1</b>
<b>Earnings per common share:</b>					
Basic	\$ 2.80	\$ 1.86			\$ 3.02
Diluted	\$ 2.76	\$ 1.85			\$ 2.98
<b>Weighted-average shares:</b>					
Basic	346.0	139.2		(87.0)(h)	398.2
Diluted	351.5	139.9		(87.7)(h)	403.7

See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 7. Income Statement Pro Forma Adjustments*, beginning on page 40 of this proxy statement/prospectus.

**Table of Contents****Unaudited Pro Forma Condensed Combined****Balance Sheet**

As of June 30, 2012

	Aetna	Coventry	Disposition (Note 6) (Millions)	Pro Forma Adjustments (Note 8)	Pro Forma Combined
<b>Assets:</b>					
<b>Current assets:</b>					
Cash and cash equivalents	\$ 922.1	\$ 1,516.0	\$ (9.1)	\$ (946.8)(a)	\$ 1,482.2
Investments	2,347.0	177.9			2,524.9
Premiums and other receivables, net	1,625.9	1,207.3	(20.4)	(2.4)(b)	2,810.4
Other current assets	1,579.7	202.2	(.4)	49.5(c)	1,831.0
<b>Total current assets</b>	<b>6,474.7</b>	<b>3,103.4</b>	<b>(29.9)</b>	<b>(899.7)</b>	<b>8,648.5</b>
Long-term investments	18,331.0	2,535.0		(350.0)(a)	20,516.0
Goodwill	6,202.2	2,590.0	(3.0)	1,149.5(d)	9,938.7
Intangibles	885.3	351.6		948.4(e)	2,185.3
Other long-term assets	2,238.4	293.4		(74.4)(a)(f)	2,457.4
Separate Accounts assets	5,321.1				5,321.1
<b>Total assets</b>	<b>\$ 39,452.7</b>	<b>\$ 8,873.4</b>	<b>\$ (32.9)</b>	<b>\$ 773.8</b>	<b>\$ 49,067.0</b>
<b>Liabilities and shareholders equity:</b>					
<b>Current liabilities:</b>					
Health care costs payable and unpaid claims	\$ 3,494.7	\$ 1,491.4	\$ (19.5)		\$ 4,966.6
Short term debt				500.0(g)	500.0
Accrued expenses and other current liabilities	4,940.4	910.9	(13.4)	170.4(b)(h)	6,008.3
<b>Total current liabilities</b>	<b>8,435.1</b>	<b>2,402.3</b>	<b>(32.9)</b>	<b>670.4</b>	<b>11,474.9</b>
Long-term debt, less current portion	4,706.3	1,584.9		2,190.0(i)	8,481.2
Other long-term liabilities	10,734.4	379.9		239.9(j)	11,354.2
Separate Accounts liabilities	5,321.1				5,321.1
<b>Total liabilities</b>	<b>29,196.9</b>	<b>4,367.1</b>	<b>(32.9)</b>	<b>3,100.3</b>	<b>36,631.4</b>
<b>Shareholders equity:</b>					
Common stock and additional paid-in-capital (1)	1,039.8	30.0	(9.5)	2,263.3(k)	3,323.6
Retained earnings	10,270.9	4,410.5	11.4	(4,524.0)(l)	10,168.8
Accumulated other comprehensive loss	(1,054.9)	65.8	(1.9)	(65.8)(m)	(1,056.8)
<b>Total shareholders equity</b>	<b>10,255.8</b>	<b>4,506.3</b>		<b>(2,326.5)</b>	<b>12,435.6</b>
<b>Total liabilities and shareholders equity</b>	<b>\$ 39,452.7</b>	<b>\$ 8,873.4</b>	<b>\$ (32.9)</b>	<b>\$ 773.8</b>	<b>\$ 49,067.0</b>

(1)

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On an historical basis, share information of Aetna is as follows: 2.6 billion shares authorized; 334.2 million shares issued and outstanding.

On a pro forma combined basis, share information is as follows: 2.6 billion shares authorized; 386.2 million shares issued and outstanding. See the accompanying notes to the unaudited pro forma condensed combined financial statements, which are an integral part of these statements. The pro forma adjustments are explained in *Note 8. Balance Sheet Pro Forma Adjustments*, beginning on page 42 of this proxy statement/prospectus.

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**NOTES TO THE UNAUDITED PRO FORMA CONDENSED  
COMBINED FINANCIAL STATEMENTS**

**1. Description of Transaction**

On August 19, 2012, Aetna, Merger Sub and Coventry entered into the merger agreement, pursuant to which, subject to the terms and conditions set forth in the merger agreement, Coventry will become a wholly owned subsidiary of Aetna. Upon completion of the merger, each share of Coventry common stock issued and outstanding will be converted into the right to receive \$27.30 in cash, without interest, and 0.3885 of an Aetna common share.

At completion of the merger, each in-the-money option outstanding under any Coventry employee benefit plan, whether or not vested or exercisable, will be cancelled and converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (x) the excess of (i) the equity award cash consideration over (ii) the applicable per share exercise price of that in-the-money option multiplied by (y) the total number of shares of Coventry common stock underlying that in-the-money option.

During the 60-day period following the date of the merger agreement, Aetna and Coventry discussed the treatment of each underwater option outstanding under any Coventry employee benefit plan, whether or not vested or exercisable, taking into account the appropriate terms and conditions of each such underwater option and decided to cancel such underwater options upon completion of the merger. Aetna has agreed to pay the holders of underwater options that execute customary acknowledgments and waivers an amount in cash calculated by reference to the exercise price of the underwater options and equivalent to \$1.00 to \$4.00 for each share of Coventry common stock subject to an underwater option. For active employees of Coventry, such payment will also be conditioned upon such employee remaining employed by the surviving corporation or Aetna for one year following the closing of the merger (subject to acceleration upon certain terminations of employment).

At completion of the merger, each outstanding restricted share of Coventry common stock (which represents a share of Coventry common stock subject to vesting and forfeiture restrictions) will be converted into the right to receive the merger consideration payable to holders of shares of Coventry common stock, less applicable withholding taxes.

At completion of the merger, each Coventry stock unit outstanding under any Coventry employee benefit plan that is a cashed-out unit will be converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (a) the equity award cash consideration multiplied by (b) the number of shares of Coventry common stock underlying that cashed-out unit.

At completion of the merger, each Coventry stock unit outstanding under any Coventry employee benefit plan that is a rollover unit will be converted into a cash-settled Aetna restricted stock unit with the number of Aetna common shares underlying that cash-settled Aetna restricted stock unit equal to the product of (x) the number of shares of Coventry common stock underlying that rollover unit immediately prior to completion of the merger multiplied by (y) the quotient of (i) the equity award cash consideration divided by (ii) the Aetna closing price. Each such cash-settled Aetna restricted stock unit will be subject to the same terms and conditions (including service-based vesting) as applied to the corresponding rollover unit immediately prior to completion of the merger.

The merger is subject to adoption of the merger agreement by Coventry stockholders, early termination or expiration of the waiting period under the HSR Act, the required governmental authorizations having been obtained and being in full force and effect and other usual and customary conditions to completion. As of the date of this proxy statement/prospectus, the merger is expected to be completed in mid-2013.

**2. Basis of Presentation**

The unaudited pro forma condensed combined financial information was prepared using the acquisition method of accounting and was based on the historical financial statements of Aetna and Coventry. The acquisition method of accounting is based on ASC 805 and uses the fair value concepts defined in ASC 820, *Fair Value Measurements*.

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ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. In addition, ASC 805 requires that the consideration transferred be measured at the date the merger is completed at the then-current market price. This requirement will likely result in a per share equity component that is different from the amount assumed in these unaudited pro forma condensed combined financial statements.

ASC 820 defines the term *fair value* and sets forth the valuation requirements for any asset or liability measured at fair value, expands related disclosure requirements and specifies a hierarchy of valuation techniques based on the nature of the inputs used to develop the fair value measures. Fair value is defined in ASC 820 as *the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.* This is an exit price concept for the valuation of the asset or liability. In addition, market participants are assumed to be buyers and sellers in the principal (or the most advantageous) market for the asset or liability. Fair value measurements for an asset assume the highest and best use by these market participants. As a result of these standards, Aetna may be required to record the fair value of assets which are not intended to be used or sold and/or to value assets at fair value measures that do not reflect Aetna's intended use of those assets. Many of these fair value measurements can be highly subjective, and it is possible that other professionals, applying reasonable judgment to the same facts and circumstances, could develop and support a range of alternative estimated amounts.

Under the acquisition method of accounting, the assets acquired and liabilities assumed will be recorded, as of completion of the merger, primarily at their respective fair values and added to those of Aetna. Financial statements and reported results of operations of Aetna issued after completion of the merger will reflect these values, but will not be retroactively restated to reflect the historical financial position or results of operations of Coventry.

Under ASC 805, acquisition-related transaction costs (e.g., advisory, legal, valuation and other professional fees) are not included as a component of consideration transferred but are accounted for as expenses in the periods in which the costs are incurred. Total acquisition-related transaction costs expected to be incurred by Aetna and Coventry are estimated to be approximately \$128 million and \$45 million, respectively, of which none had been incurred as of June 30, 2012. Acquisition-related transaction costs expected to be incurred by Aetna include estimated fees related to a bridge financing commitment and agreement and estimated interest costs associated with the expected issuance of long-term transaction-related debt in the fourth quarter of 2012. Those costs are reflected in the unaudited pro forma condensed combined balance sheet as an increase to accrued expenses and other current liabilities, with the related tax benefits reflected as an increase in other current assets and the after tax impact presented as a decrease to retained earnings.

The unaudited pro forma condensed combined financial statements do not reflect the projected realization of cost savings following completion of the merger. These cost savings opportunities are from administrative cost savings, as well as network and medical management savings. Although Aetna projects that cost savings will result from the merger, there can be no assurance that these cost savings will be achieved. The unaudited pro forma condensed combined financial statements do not reflect projected pretax restructuring and integration charges associated with the projected cost savings, which are projected to be approximately \$250 million to \$300 million over a period of three years following completion of the merger. Such restructuring and integration charges will be expensed in the appropriate accounting periods after completion of the merger.

**3. Accounting Policies**

At completion of the merger, Aetna will review Coventry's accounting policies. As a result of that review, Aetna may identify differences between the accounting policies of the two companies that, when conformed, could have a material impact on the combined financial statements. At this time, Aetna is not aware of any differences that would have a material impact on the combined financial statements. The unaudited pro forma condensed combined financial statements assume there are no differences in accounting policies.

**Table of Contents****4. Estimate of Consideration Expected to be Transferred**

The following is a preliminary estimate of consideration expected to be transferred to effect the acquisition of Coventry:

	<b>Conversion Calculation</b>	<b>Estimated Fair Value</b>	<b>Form of Consideration</b>
	(Millions, except per common share data)		
<b>Consideration Transferred:</b>			
Number of shares of Coventry common stock outstanding at October 15, 2012	133.2		
Multiplied by Aetna's share price at October 15, 2012, multiplied by the exchange ratio (\$43.92*0.3885)	\$ 17.06	\$ 2,272.5	Aetna Common Shares
Multiplied by the per common share cash consideration	\$ 27.30	\$ 3,636.5	Cash
Number of shares underlying in-the-money Coventry stock options vested and unvested outstanding as of October 15, 2012, expected to be canceled and exchanged for cash	4.6		
Multiplied by the excess, if any, of (1) the sum of (x) the per common share cash consideration plus (y) Aetna's stock price at October 15, 2012, multiplied by the exchange ratio (\$43.92*0.3885) over (2) the weighted-average exercise price of such in-the-money stock options	\$ 15.84	\$ 72.2	Cash
Number of Coventry performance share units and restricted stock units outstanding at October 15, 2012, expected to be canceled and paid in cash (a)	1.2		
Multiplied by the Equity Award Cash Consideration	\$ 44.36	\$ 54.8	Cash
Number of Coventry restricted shares outstanding at October 15, 2012	1.2		
Multiplied by Aetna's stock price at October 15, 2012, multiplied by the exchange ratio (\$43.92*0.3885)	\$ 17.06	\$ 20.8	Aetna Common Shares
Multiplied by the per common share cash consideration	\$ 27.30	\$ 33.3	Cash
Estimate of Total Consideration Expected to be Transferred (b)		\$ 6,090.1	

*Certain amounts may reflect rounding adjustments.*

- (a) Pursuant to the terms of the Employment Agreement between Coventry and Allen F. Wise, dated April 30, 2009, as amended on June 16, 2010 and January 31, 2012, on January 1, 2013, Mr. Wise is entitled to receive Coventry stock units with a grant date fair value of \$7,600,000, which is referred to in this proxy statement/prospectus as the Wise 2013 Grant. The Wise 2013 Grant is not reflected in the table above.
- (b) The estimated consideration expected to be transferred reflected in these unaudited pro forma condensed combined financial statements does not purport to represent the actual consideration that will be transferred when the merger is completed. In accordance with ASC 805, the fair value of equity securities issued as part of the consideration transferred will be measured on the date the merger is completed at the then-current market price. This requirement will likely result in a different value of the common share component of the purchase consideration and a per share equity component different from the \$17.06 assumed in these unaudited pro forma condensed combined financial statements, and that difference may be material. For example, if the price of Aetna's common shares on the date the merger is completed increased or decreased by 10% from the price assumed in these unaudited pro forma condensed combined financial statements, the consideration transferred would increase or decrease by approximately \$237 million, which would be reflected in these unaudited pro forma condensed combined financial statements as an increase or decrease to goodwill.

**Table of Contents****5. Estimate of Assets to be Acquired and Liabilities to be Assumed**

The following is a preliminary estimate of the assets to be acquired and the liabilities to be assumed by Aetna in the merger, reconciled to the estimate of total consideration expected to be transferred:

	At June 30, 2012 (Millions)
<b>Assets Acquired and Liabilities Assumed:</b>	
Net book value of net assets acquired	\$ 4,506.3
Less historical:	
Goodwill	(2,590.0)
Intangible assets	(351.6)
Capitalized internal-use software	(89.5)
Deferred tax assets on outstanding equity awards	(54.6)
Deferred tax liabilities on historical internal-use software	28.7
Deferred tax liabilities on historical intangible assets	179.8
<b>Adjusted book value of net assets acquired</b>	<b>\$ 1,629.1</b>
Adjustments to:	
Goodwill (a)	\$ 3,739.5
Identified intangible assets (b)	1,300.0
Deferred tax liabilities (c)	(388.5)
Fair value adjustment to debt (d)	(190.0)
Property and equipment (e)	
Total adjustments	4,461.0
<b>Consideration transferred</b>	<b>\$ 6,090.1</b>

- (a) Goodwill is calculated as the difference between the acquisition date fair value of the total consideration expected to be transferred and the aggregate values assigned to the assets acquired and liabilities assumed. Goodwill is not amortized.
- (b) As of completion of the merger, identifiable intangible assets are required to be measured at fair value, and these acquired assets could include assets that are not intended to be used or sold or that are intended to be used in a manner other than their highest and best use. For purposes of these unaudited pro forma condensed combined financial statements and consistent with the ASC 820 requirements for fair value measurements, it is assumed that all assets will be used, and that all assets will be used in a manner that represents the highest and best use of those assets, but it is not assumed that any market participant synergies will be achieved.

The fair value of identifiable intangible assets is determined primarily using variations of the income approach, which is based on the present value of the future after tax cash flows attributable to each identified intangible asset. Other valuation methods, including the market approach and cost approach, were also considered in estimating the fair value. Under the HSR Act and other relevant laws and regulations, there are significant limitations on Aetna's ability to obtain specific information about the Coventry intangible assets prior to completion of the merger.

At this time, Aetna does not have sufficient information as to the amount, timing and risk of cash flows of all of Coventry's identifiable intangible assets to determine their fair value. Some of the more significant assumptions inherent in the development of intangible asset values, from the perspective of a market participant, include: the amount and timing of projected future cash flows (including revenue and profitability); the discount rate selected to measure the risks inherent in the future cash flows; and the assessment of the asset's life cycle and the competitive trends impacting the asset. However, for purposes of these unaudited pro forma condensed combined financial statements and using publicly available

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information, such as historical revenues, Coventry's cost structure, industry information for comparable intangible assets and certain other high-level assumptions, the fair value of Coventry's identifiable intangible assets and their weighted-average useful lives have been estimated as follows:

	Estimated Fair Value (Millions)	Estimated Useful Life (Years)
Customer lists	\$ 625.0	8
Provider networks	525.0	17
Trademarks/tradenames	120.0	10
Technology	30.0	5
<b>Total</b>	<b>\$ 1,300.0</b>	

These preliminary estimates of fair value and weighted-average useful life will likely be different from the final acquisition accounting, and the difference could have a material impact on the accompanying unaudited pro forma condensed combined financial statements. Once Aetna has full access to information about Coventry's intangible assets, additional insight will be gained that could impact (i) the estimated total value assigned to intangible assets, (ii) the estimated allocation of value between finite-lived and indefinite-lived intangible assets and/or (iii) the estimated weighted-average useful life of each category of intangible assets. The estimated intangible asset values and their useful lives could be impacted by a variety of factors that may become known to Aetna only upon access to additional information and/or by changes in such factors that may occur prior to completion of the merger. These factors include, but are not limited to, changes in the regulatory, legislative, legal, technological and competitive environments. Increased knowledge about these and/or other elements could result in a change to the estimated fair value of the identifiable Coventry intangible assets and/or to the estimated weighted-average useful lives from what Aetna has assumed in these unaudited pro forma condensed combined financial statements. The combined effect of any such changes could then also result in a significant increase or decrease to Aetna's estimate of associated amortization expense.

- (c) As of completion of the merger, Aetna will establish deferred taxes and make other tax adjustments as part of the accounting for the acquisition, primarily related to estimated fair value adjustments for identifiable intangible assets and debt (see (b) and (d)). The pro forma adjustment to record the effect of deferred taxes was computed as follows:

	(Millions)
Estimated fair value of identifiable intangible assets to be acquired	\$ 1,300.0
Estimated fair value adjustment of debt to be assumed	(190.0)
<b>Total estimated fair value adjustments of assets to be acquired and liabilities to be assumed</b>	<b>\$ 1,110.0</b>
Deferred taxes associated with the estimated fair value adjustments of assets to be acquired and liabilities to be assumed, at 35% (*)	\$ 388.5

(\*) Aetna assumed a 35% tax rate when estimating the deferred tax aspects of the acquisition.

- (d) As of completion of the merger, debt is required to be measured at fair value. Aetna has calculated the pro forma adjustment using publicly available information and believes the pro forma adjustment amount to be reasonable.
- (e) As of completion of the merger, property and equipment is required to be measured at fair value, unless those assets are classified as held-for-sale on the acquisition date. The acquired assets can include assets that are not intended to be used or sold, or that are intended to be used in a manner other than their highest and best use. Aetna does not have sufficient information at this time as to the specific nature, age, condition or location of Coventry's property and equipment, and Aetna does not know the appropriate valuation premise, in-use or in-exchange, as the valuation premise requires a certain level of knowledge about the assets being evaluated as well as a profile of the



associated market participants. All of these elements can cause

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differences between fair value and net book value. Accordingly, for the purposes of these unaudited pro forma condensed combined financial statements, Aetna has assumed that the current Coventry book values represent the best estimate of fair value except for capitalized internal-use software for which the historical book value was eliminated as the fair value was estimated in (b) above. This estimate is preliminary and subject to change and could vary materially from the actual value on the date the merger is completed.

**6. Disposition**

Aetna and Coventry each have a Missouri Medicaid business. The unaudited pro forma condensed combined financial information assumes Aetna will dispose of its Missouri Medicaid business at the time of the merger and continue to operate Coventry's Missouri Medicaid business. Specifically, the unaudited pro forma condensed combined statements of income reflect the elimination of the revenues associated with Aetna's Missouri Medicaid business as well as elimination of the costs specifically identifiable with that revenue. Aetna does not currently have market participant bids or other information regarding similar transactions that may be indicative of the fair value of the Missouri Medicaid business. As a result, the unaudited pro forma condensed combined balance sheet reflects the disposal of Aetna's Missouri Medicaid business assuming that the book value of that business approximates fair value, and also assumes cash consideration received equal to book value.

**7. Income Statement Pro Forma Adjustments**

This note should be read in conjunction with *Note 1. Description of Transaction*; *Note 2. Basis of Presentation*; *Note 4. Estimate of Consideration Expected to be Transferred*; and *Note 5. Estimate of Assets to be Acquired and Liabilities to be Assumed*. Adjustments included in the column under the heading *Pro Forma Adjustments* represent the following:

- (a) Elimination of intercompany transactions between Aetna and Coventry primarily related to network rental fees, consisting of aggregate revenue and expenses of \$21.7 million for the year ended 2011 and \$9.1 million for the six months ended June 30, 2012.
- (b) For purposes of these unaudited pro forma condensed combined financial statements, Aetna estimated forgone interest income associated with cash and cash equivalents and long-term investments assumed to have been used to partially fund the merger. For purposes of such financial statements, the estimated forgone interest income for the combined entity in 2011 and for the six months ended June 30, 2012, is approximately \$10.4 million and \$5.1 million, respectively. Aetna's estimate is based on a weighted-average annual interest rate on cash, cash equivalents and long-term investments in 2011 of 0.80% and for the six months ended June 30, 2012, of 0.78%.
- (c) For purposes of these unaudited pro forma condensed combined financial statements, Aetna estimated foregone interest income associated with adjusting the amortized cost of Coventry's investment portfolio to fair value as of completion of the merger. Foregone interest income due to fair value adjustments to the investment portfolio under the acquisition method of accounting is projected to be approximately \$25.4 million and \$8.5 million in 2011 and for the six months ended June 30, 2012, respectively.
- (d) To adjust amortization expense, as follows:

	Year Ended December 31, 2011	Six Months Ended June 30, 2012
	(Millions)	
Eliminate Coventry's historical intangible asset amortization expense	\$ (64.4)	\$ (41.1)
Estimated intangible asset amortization*	108.3	54.2
Estimated adjustment to intangible asset amortization expense	\$ 43.9	\$ 13.1

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- (\*) Assumes an estimated \$1.3 billion of finite-lived intangibles and a weighted average amortization period of 12 years (Refer to *Note 5. Estimate of Assets to be Acquired and Liabilities to be Assumed*).
  
- (e) Aetna estimates additional general and administrative expense of about \$1.1 million in 2011 and \$0.5 million for the six months ended June 30, 2012, related to the amortization of debt issuance costs associated

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with the approximately \$2.0 billion of long-term debt securities Aetna expects to issue to finance the merger. Issuance costs related to those long-term debt securities are assumed to be amortized over an estimated weighted average term of approximately 14 years.

- (f) Aetna estimates interest expense of \$30.5 million in 2011 and \$15.7 million in the six months ended June 30, 2012, associated with debt issued to finance the merger and the amortization of the estimated fair value adjustment to Coventry's debt:

Additional interest expense of approximately \$63.0 million in 2011 and \$31.5 million in the six months ended June 30, 2012, based on approximately \$2.0 billion of long-term fixed-rate debt securities Aetna expects to issue to partially fund the merger. The calculation of interest expense on the long-term debt securities assumes maturity tranches of 5, 10, and 30 years and an estimated weighted average annual interest rate of 3.15%. If interest rates were to increase or decrease by 0.5% from the rates assumed in estimating this pro forma adjustment to interest expense, pro forma interest expense could increase or decrease by approximately \$10.0 million in 2011 and \$5.0 million in the six months ended June 30, 2012.

Additional interest expense of approximately \$2.3 million in 2011 and \$1.6 million in the six months ended June 30, 2012, based on approximately \$500 million of commercial paper Aetna expects to issue to partially fund the merger. The interest expense on the commercial paper was estimated using an annual interest rate of 0.62%. The pro forma income statements for the year ended December 31, 2011 and the six months ended June 30, 2012, each assume Aetna retires the incremental \$500 million of commercial paper borrowings over a one-year period. Commercial paper issued to partially fund the merger is assumed to be \$500 million at each of January 1, 2011 and January 1, 2012, and to be reduced to \$250 million on each of June 30, 2011 and June 30, 2012, and, for purposes of the pro forma income statement for the year ended December 31, 2011, further reduced to zero on December 31, 2011. As a result of this assumed pattern of retirement, interest expense in the pro forma income statement for the six months ended June 30, 2012, is unaffected by expected commercial paper retirement as \$500 million will remain outstanding for the entire six month period. If commercial paper interest rates were to increase or decrease by 0.5% from the rate that was assumed in estimating this pro forma adjustment to interest expense, pro forma interest expense could increase or decrease by approximately \$1.9 million in 2011 and \$1.3 million for the six months ended June 30, 2012.

In connection with the merger, Aetna has amended its unsecured \$1.5 billion five-year revolving credit agreement to increase the available commitments to \$2.0 billion. Aetna does not expect to draw on that facility; however Aetna assumes that it would have incurred an estimated \$0.5 million and \$0.2 million of facility fees on the incremental commitment in 2011 and for the six months ended June 30, 2012, respectively, which is reflected in the respective pro forma adjustments to interest expense for these periods.

Additional interest expense associated with incremental debt issued to finance the merger is offset by estimated reductions to interest expense of \$35.3 million in 2011 and \$17.6 million in the six months ended June 30, 2012. These reductions are from the amortization of the estimated fair value adjustment to Coventry's debt over the remaining weighted-average life of its outstanding debt of 5.4 years. Debt is required to be measured at fair value under the acquisition method of accounting.

- (g) Aetna assumed a blended 35% tax rate when estimating the tax impact of the acquisition, representing the federal statutory tax rate and exclusion of any state tax impacts which are unknown at this time but expected to be immaterial. The effective tax rate of the combined company could be significantly different depending upon post-acquisition activities of the combined company.
- (h) The combined basic and diluted earnings per share for the periods presented are based on the combined weighted average basic and diluted shares of Aetna and Coventry. The historical weighted average basic and diluted shares of Coventry were assumed to be replaced by the shares expected to be issued by Aetna to effect the merger.

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The following table summarizes the computation of the unaudited pro forma combined weighted average basic and diluted shares outstanding:

	Year Ended December 31, 2011	Six Months Ended June 30, 2012 (Millions)
Aetna weighted average shares used to compute basic EPS	372.5	346.0
Coventry shares outstanding at October 15, 2012, converted at the exchange ratio (133.2*0.3885)	51.7	51.7
<b>Combined weighted average basic shares outstanding</b>	<b>424.2</b>	<b>397.7</b>
Number of Coventry restricted shares outstanding at October 15, 2012, converted at the exchange ratio (1.2*0.3885)	.5	.5
<b>Pro forma weighted average basic shares outstanding</b>	<b>424.7</b>	<b>398.2</b>
Dilutive effect of Aetna's outstanding stock-based compensation awards (1)	7.7	5.5
<b>Pro forma weighted average shares used to compute diluted EPS</b>	<b>432.4</b>	<b>403.7</b>

*Certain amounts may reflect rounding adjustments.*

- (1) Does not include Coventry's outstanding performance share units, restricted stock units or vested or unvested stock options that will be paid in cash and canceled upon completion of the merger as described in *Note 4. Estimate of Consideration Expected to be Transferred*.

**8. Balance Sheet Pro Forma Adjustments**

This note should be read in conjunction with *Note 1. Description of Transaction*; *Note 2. Basis of Presentation*; *Note 4. Estimate of Consideration Expected to be Transferred*; and *Note 5. Estimate of Assets to be Acquired and Liabilities to be Assumed*. Adjustments included in the column under the heading "Pro Forma Adjustments" represent the following:

- (a) To reflect the use of an estimated \$947 million of available cash and an estimated \$350 million of cash raised by liquidating long-term investments, in aggregate \$1.3 billion of cash in order to fund a portion of the total consideration expected to be transferred to fund the merger. The remainder of the estimated cash consideration expected to be transferred to fund the merger is expected to be financed with approximately \$2.0 billion of long-term debt securities and approximately \$500 million of commercial paper (See *Note 4. Estimate of Consideration Expected to be Transferred*). Estimated debt issuance costs of approximately \$15.1 million are reflected in other long-term assets.
- (b) To eliminate intercompany accounts receivable and accrued expenses primarily related to network rental fees of \$2.4 million.
- (c) To adjust current tax assets to include \$49.5 million related to estimated acquisition-related transaction costs.

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(d) To adjust goodwill to an estimate of acquisition-date goodwill, as follows:

	<b>(Millions)</b>
Eliminate Coventry's historical goodwill	\$ (2,590.0)
Estimated transaction goodwill	3,739.5
<b>Total</b>	<b>\$ 1,149.5</b>

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- (e) To adjust intangible assets to an estimate of fair value, as follows:

	(Millions)
Eliminate Coventry's historical intangible assets	\$ (351.6)
Estimated fair value of intangible assets acquired	1,300.0
<b>Total</b>	<b>\$ 948.4</b>

- (f) To eliminate Coventry's historical capitalized internal use software of \$89.5 million.

- (g) Aetna expects to issue approximately \$2.5 billion of debt to partially fund the merger, comprised of approximately \$2.0 billion of long-term debt securities and approximately \$500 million of commercial paper.

- (h) To record estimated acquisition-related transaction costs. Total acquisition-related transaction costs estimated to be incurred by Aetna and Coventry are \$128 million and \$45 million, respectively. Pursuant to requirements for the preparation of pro forma financial information under Article 11 of Regulation S-X, these acquisition-related transaction costs are not included in the pro forma condensed combined income statements.

- (i) To record long-term debt incurred by Aetna to effect the merger and to adjust Coventry's debt to an estimate of fair value, as follows:

	(Millions)
Establish incremental long-term debt to effect the merger	\$ 2,000.0
Estimated fair value increase to debt assumed	190.0
<b>Total</b>	<b>\$ 2,190.0</b>

- (j) To adjust tax liabilities as follows:

	(Millions)
Eliminate Coventry's deferred tax liability on intangible assets	\$ (179.8)
Eliminate Coventry's deferred tax liability on internal-use software	(28.7)
Eliminate Coventry's deferred tax asset on outstanding equity/unit awards	54.6
Estimated transaction deferred tax liability on identifiable intangible assets	455.0
Estimated transaction deferred tax asset for fair value increase to assumed debt	(66.5)
Estimated transaction current tax liability for debt issuance costs	5.3
<b>Total</b>	<b>\$ 239.9</b>

- (k) To eliminate Coventry's historical common stock and additional paid-in capital and record the stock portion of the merger consideration as follows:

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	(Millions)
Eliminate Coventry's historical common stock and additional paid-in capital	\$ (30.0)
Issuance of Aetna common shares	2,293.3
<b>Total</b>	<b>\$ 2,263.3</b>

- (l) To eliminate Coventry's historical retained earnings, to estimate the after-tax portion of the remaining merger-related transaction costs and to estimate the after-tax portion of debt issuance costs as follows:

	(Millions)
Eliminate Coventry's historical retained earnings	\$ (4,410.5)
Transaction costs incurred	(123.3)
Debt issuance costs incurred	9.8
<b>Total</b>	<b>\$ (4,524.0)</b>



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(m) To eliminate Coventry's historical accumulated other comprehensive income.

The unaudited pro forma condensed combined financial statements do not present a combined dividend per share amount. On both April 27, 2012 and July 27, 2012, Aetna paid dividends of \$0.175 per Aetna common share. In addition, on September 28, 2012, Aetna declared a dividend of \$0.175 per Aetna common share, which will be paid on October 26, 2012, and is not reflected in the unaudited pro forma condensed combined financial statements. On both April 9, 2012 and July 9, 2012, Coventry paid dividends of \$0.125 per share of Coventry common stock. In addition, on August 27, 2012, Coventry declared a dividend of \$0.125 per share of Coventry common stock, which was paid on October 8, 2012, and is not reflected in the unaudited pro forma condensed combined financial statements. Coventry is not permitted to declare, set aside or pay a dividend or other distribution other than its regular quarterly cash dividend in the ordinary course of business consistent with past practice, in an amount not in excess of \$0.125 per share of Coventry common stock prior to completion of the merger, and any future payment of Coventry's quarterly dividend is subject to future approval and declaration by the Coventry board of directors. Prior to completion of the merger, Aetna is not permitted to declare, set aside or pay any dividend or other distribution other than its regular cash dividend in the ordinary course of business consistent with past practice. The dividend policy of Aetna following completion of the merger will be determined by the Aetna board of directors following completion of the merger.

The unaudited pro forma condensed combined financial statements do not reflect the projected realization of cost savings following completion of the merger. These cost savings opportunities are from administrative cost savings, as well as network and medical management savings. Although Aetna management projects that cost savings will result from the merger, there can be no assurance that these cost savings will be achieved.

**Table of Contents****RISK FACTORS**

*In addition to the other information contained or incorporated by reference into this proxy statement/prospectus, including the matters addressed in **Cautionary Statement Regarding Forward-Looking Statements** beginning on page 53 of this proxy statement/prospectus, you should carefully consider the following risk factors in determining whether to vote for the adoption of the merger agreement. You should also read and consider the risk factors associated with each of the businesses of Aetna and Coventry because these risk factors may affect the operations and financial results of the combined company. These risk factors may be found under Part I, Item 1A, **Risk Factors** in each company's Annual Report on Form 10-K for the year ended December 31, 2011, and under Part II, Item 1A, **Risk Factors** in each company's Quarterly Report on Form 10-Q for the quarterly periods ended June 30, 2012, and March 31, 2012, each of which is on file with the SEC and all of which are incorporated by reference into this proxy statement/prospectus.*

**Because the exchange ratio is fixed and the market price of Aetna common shares has fluctuated and will continue to fluctuate, you cannot be sure of the value of the merger consideration you will receive.**

Upon completion of the merger, each share of Coventry common stock outstanding immediately prior to the merger (other than those held by Coventry as treasury stock, by Aetna or by any subsidiary of Coventry or Aetna or with respect to which appraisal rights have been properly exercised in accordance with the DGCL) will be converted into the right to receive \$27.30 in cash, without interest, and 0.3885 of an Aetna common share. Because the exchange ratio of 0.3885 of an Aetna common share is fixed, the value of the stock portion of the merger consideration will depend on the market price of Aetna common shares at the time the merger is completed. The value of the stock portion of the merger consideration has fluctuated since the date of the announcement of the merger agreement and will continue to fluctuate from the date of this proxy statement/prospectus to the date of the Coventry special meeting and the date the merger is completed and thereafter. Accordingly, at the time of the Coventry special meeting, Coventry stockholders will not know or be able to determine the market value of the merger consideration they would receive upon completion of the merger. Stock price changes may result from a variety of factors, including, among others, general market and economic conditions, changes in Aetna's and Coventry's respective businesses, operations and prospects, market assessments of the likelihood that the merger will be completed, the timing of the merger and regulatory considerations. Many of these factors are beyond Aetna's and Coventry's control. You are urged to obtain current market quotations for Aetna common shares in deciding whether to vote for the adoption of the merger agreement.

**The market price of Aetna common shares after the merger may be affected by factors different from those affecting shares of Coventry stock currently.**

Upon completion of the merger, holders of Coventry common stock will become holders of Aetna common shares. The businesses of Aetna differ from those of Coventry in important respects and, accordingly, the results of operations of Aetna after the merger, as well as the market price of the Aetna common shares, may be affected by factors different from those currently affecting the independent results of operations of Coventry. For further information on the businesses of Aetna and Coventry and certain factors to consider in connection with those businesses, see the documents incorporated by reference into this proxy statement/prospectus and referred to under **Where You Can Find More Information** beginning on page 152 of this proxy statement/prospectus.

**After completion of the merger, Aetna may fail to realize the anticipated benefits and cost savings of the merger, which could adversely affect the value of Aetna common shares.**

The success of the merger will depend, in part, on Aetna's ability to realize the anticipated benefits and cost savings from combining the businesses of Aetna and Coventry. The ability of Aetna to realize these anticipated benefits and cost savings is subject to certain risks including:

Aetna's ability to successfully combine the businesses of Aetna and Coventry, including with respect to systems and technology integration;

whether the combined businesses will perform as expected;

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the reduction of Aetna's cash available for operations and other uses and the incurrence of indebtedness to finance the acquisition;  
and

the assumption of known and unknown liabilities of Coventry.

If Aetna is not able to successfully combine the businesses of Aetna and Coventry within the anticipated time frame, or at all, the anticipated cost savings and other benefits of the merger may not be realized fully or at all or may take longer to realize than expected, the combined businesses may not perform as expected and the value of the Aetna common shares (including the stock portion of the merger consideration) may be adversely affected.

Aetna and Coventry have operated and, until completion of the merger, will continue to operate, independently, and there can be no assurances that their businesses can be integrated successfully. It is possible that the integration process could result in the loss of key Aetna or Coventry employees, the disruption of either or both company's ongoing businesses or in unexpected integration issues, higher than expected integration costs and an overall post-completion integration process that takes longer than originally anticipated. Specifically, issues that must be addressed in integrating the operations of Coventry and Aetna in order to realize the anticipated benefits of the merger so the combined business performs as expected include, among other things:

combining the companies' sales, claims and call operations, network administration and corporate functions;

integrating the companies' technologies, products and services;

identifying and eliminating redundant and underperforming operations and assets;

harmonizing the companies' operating practices, employee development and compensation programs, internal controls and other policies, procedures and processes;

addressing possible differences in business backgrounds, corporate cultures and management philosophies;

consolidating the companies' corporate, administrative and information technology infrastructure;

coordinating sales, distribution and marketing efforts;

managing the movement of certain positions to different locations;

maintaining existing agreements with customers, providers and vendors and avoiding delays in entering into new agreements with prospective customers, providers and vendors;

coordinating geographically dispersed organizations; and

consolidating offices of Coventry and Aetna that are currently in or near the same location.

In addition, at times the attention of certain members of either or both company's management and resources may be focused on completion of the merger and the integration of the businesses of the two companies and diverted from day-to-day business operations, which may disrupt each company's ongoing business and the business of the combined company.

**Aetna and Coventry may have difficulty attracting, motivating and retaining executives and other key employees in light of the merger.**

Uncertainty about the effect of the merger on Aetna and Coventry employees may impair Aetna's and Coventry's ability to attract, retain and motivate key personnel until the merger is completed. Employee retention may be particularly challenging during the pendency of the merger, as employees of Aetna and Coventry may experience uncertainty about their future roles with the combined business. Additionally, Coventry's officers and employees may hold shares of Coventry common stock, in-the-money options to purchase shares of Coventry

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common stock, restricted shares of Coventry common stock and/or cashed-out units and, if the merger is completed, may therefore be entitled to the merger consideration in respect of such shares of Coventry common stock and restricted shares and cash in respect of such cashed-out units and in-the-money options, the receipt of which could lead certain officers and employees to no longer pursue employment with the combined business. Additionally, pursuant to change-in-control provisions in their employment agreements with Coventry, certain key employees of Coventry are entitled to receive severance payments upon a constructive termination of employment following completion of the merger. A key Coventry employee potentially could terminate his or her employment following specified circumstances set forth in his or her employment agreement, including certain changes in such key employee's duties, position, compensation and benefits or primary office location. Severance payments could lead those key employees to terminate employment with the combined business if there is a basis for them to claim, in accordance with their employment agreements, that their employment was constructively terminated. Furthermore, if key employees of Aetna or Coventry depart, including because of issues relating to the uncertainty and difficulty of integration, financial security or a desire not to become employees of the combined business, Aetna may have to incur significant costs in identifying, hiring and retaining replacements for departing employees, and Aetna's ability to realize the anticipated benefits of the merger may be adversely affected. See **Interests of Certain Persons in the Merger** beginning on page 120, of this proxy statement/prospectus.

**In order to complete the merger, Aetna and Coventry must make certain governmental filings and obtain certain governmental authorizations, and if such filings and authorizations are not made or granted or are granted with conditions that become applicable to the parties, completion of the merger may be jeopardized or the anticipated benefits of the merger could be reduced.**

Completion of the merger is conditioned upon the expiration or early termination of the waiting period relating to the merger under the HSR Act and certain other applicable laws or regulations and the required governmental authorizations having been obtained and being in full force and effect. Although Aetna and Coventry have agreed in the merger agreement to use their reasonable best efforts, subject to certain limitations, to make certain governmental filings or obtain the required governmental authorizations, as the case may be, there can be no assurance that the relevant waiting periods will expire or authorizations will be obtained. In addition, the governmental authorities with or from which these authorizations are required have broad discretion in administering the governing regulations. As a condition to authorization of the merger or related transactions, these governmental authorities may impose requirements, limitations or costs or require divestitures or place restrictions on the conduct of Aetna's business after completion of the merger. Under the terms of the merger agreement, Aetna is not required, and Coventry is not permitted without the consent of Aetna, to take any actions or agree to any terms or conditions in connection with (i) the expiration or early termination of the waiting period relating to the merger under the HSR Act, (ii) any other antitrust law or (iii) the required governmental authorizations, in each case if such action, term or condition would have, or would reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or Coventry. However, notwithstanding the provisions of the merger agreement, either Aetna or Coventry could become subject to terms or conditions in connection with such waiting periods, laws or other authorizations (whether because such term or condition does not rise to the specified level of materiality or Aetna otherwise consents to its imposition) the imposition of which could adversely affect Aetna's ability to integrate Coventry's operations with Aetna's operations, reduce the anticipated benefits of the merger or otherwise adversely affect Aetna's business and results of operations after completion of the merger. See **The Merger Agreement Conditions to Completion of the Merger** and **The Merger Agreement Reasonable Best Efforts Covenant** beginning on pages 100 and 109, respectively, of this proxy statement/prospectus.

**Aetna's and Coventry's business relationships may be subject to disruption due to uncertainty associated with the merger.**

Parties with which Aetna or Coventry does business may experience uncertainty associated with the transaction, including with respect to current or future business relationships with Aetna, Coventry or the combined business. Aetna's and Coventry's business relationships may be subject to disruption as customers,

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providers, vendors and others may attempt to negotiate changes in existing business relationships or consider entering into business relationships with parties other than Aetna, Coventry or the combined business. These disruptions could have an adverse effect on the businesses, financial condition, results of operations or prospects of the combined business, including an adverse effect on Aetna's ability to realize the anticipated benefits of the merger. The risk, and adverse effect, of such disruptions could be exacerbated by a delay in completion of the merger or termination of the merger agreement.

**Certain of Coventry's executive officers and directors have interests in the merger that may be different from your interests as a stockholder of Coventry.**

When considering the recommendation of Coventry's board of directors that Coventry stockholders vote in favor of the adoption of the merger agreement, you should be aware that certain of the executive officers and directors of Coventry have interests in the merger that may be different from, or in addition to, the interests of Coventry stockholders generally. These include continued employment of certain executive officers of Coventry, rights to continuing indemnification and directors' and officers' liability insurance and payment pursuant to certain equity awards. See *Interests of Certain Persons in the Merger* beginning on page 120 of this proxy statement/prospectus for a more detailed description of these interests. Coventry's board of directors was aware of these interests and considered them, among other things, in evaluating and negotiating the merger agreement and the merger and in recommending that Coventry stockholders adopt the merger agreement.

**The merger agreement limits Coventry's ability to pursue alternatives to the merger.**

The merger agreement contains provisions that make it more difficult for Coventry to sell its business to a party other than Aetna. These provisions include a general prohibition on Coventry soliciting any acquisition proposal or offer for a competing transaction. Further, there are only limited exceptions to Coventry's agreement that Coventry's board of directors will not withdraw or modify in a manner adverse to Aetna the recommendation of the Coventry board of directors in favor of the adoption of the merger agreement, and Aetna generally has a right to match any competing acquisition proposals that may be made. However, at any time prior to the adoption of the merger agreement by Coventry stockholders, the Coventry board of directors is permitted to take certain of these actions and, in certain circumstances, terminate the merger agreement if it determines in good faith that the failure to take such action would be reasonably likely to be inconsistent with its fiduciary duties to Coventry stockholders under applicable law, doing so could entitle Aetna to a termination fee of \$167.5 million. See *The Merger Agreement - No Solicitation by Coventry*, *The Merger Agreement - Termination of the Merger Agreement* and *The Merger Agreement - Termination Fees and Expenses* beginning on pages 107, 115 and 117, respectively, of this proxy statement/prospectus.

While Coventry believes these provisions are reasonable and not preclusive of other offers, the provisions might discourage a third party that has an interest in acquiring all or a significant part of Coventry from considering or proposing that acquisition, even if that party were prepared to pay consideration with a higher per-share value than the currently proposed merger consideration. Furthermore, the termination fee may result in a potential competing acquirer proposing to pay a lower per-share price to acquire Coventry than it might otherwise have proposed to pay because of the added expense of the \$167.5 million termination fee that may become payable by Coventry in certain circumstances.

**Failure to complete the merger could negatively impact the stock price and the future business and financial results of Aetna and Coventry.**

If the merger is not completed for any reason, including as a result of Coventry stockholders failing to adopt the merger agreement, the ongoing businesses of Aetna and Coventry may be adversely affected and, without realizing any of the benefits of having completed the merger, Aetna and Coventry would be subject to a number of risks, including the following:

Aetna and Coventry may experience negative reactions from the financial markets, including negative impacts on their respective stock and bond prices, and from their respective customers, providers, vendors, regulators and employees;

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Coventry may be required to pay Aetna a termination fee of \$167.5 million if the merger is terminated under certain circumstances, and Aetna may be required to pay Coventry a termination fee of \$450.0 million if the merger is terminated under certain other circumstances (see *The Merger Agreement Termination Fees and Expenses* beginning on page 117 of this proxy statement/prospectus);

Aetna and Coventry will be required to pay certain costs relating to the merger, whether or not the merger is completed;

the merger agreement places certain restrictions on the conduct of Coventry's business prior to completion of the merger or the termination of the merger agreement. Such restrictions, the waiver of which is subject to the consent of Aetna (in most cases, not to be unreasonably withheld, conditioned or delayed), may prevent Coventry from making certain acquisitions, taking certain other specified actions or otherwise pursuing business opportunities during the pendency of the merger (see *The Merger Agreement Conduct of Business Pending the Merger* beginning on page 104 of this proxy statement/prospectus for a description of the restrictive covenants applicable to Coventry); and

matters relating to the merger (including integration planning) will require substantial commitments of time and resources by Aetna and Coventry management, which would otherwise have been devoted to day-to-day operations and other opportunities that may have been beneficial to either Aetna or Coventry as an independent company.

There can be no assurance that the risks described above will not materialize. If any of those risks materialize, they may adversely affect Aetna's and Coventry's businesses, financial condition, financial results and stock or bond prices.

In addition, Aetna and Coventry could be subject to litigation related to any failure to complete the merger or related to any enforcement proceeding commenced against Aetna or Coventry to perform their respective obligations under the merger agreement. If the merger is not completed, these risks may materialize and may adversely affect Aetna's and Coventry's business, financial condition, financial results and stock or bond prices.

**The Aetna common shares to be received by Coventry stockholders upon completion of the merger will have different rights from shares of Coventry common stock.**

Upon completion of the merger, Coventry stockholders will no longer be stockholders of Coventry, a Delaware corporation, but will instead become shareholders of Aetna, a Pennsylvania corporation, and their rights as shareholders will be governed by Pennsylvania law and the terms of Aetna's articles and by-laws. Pennsylvania law and the terms of Aetna's articles and by-laws are in some respects materially different than Delaware law and the terms of Coventry's charter and bylaws, which currently govern the rights of Coventry stockholders. See *Comparison of Stockholder Rights* beginning on page 138 of this proxy statement/prospectus for a discussion of the different rights associated with Aetna common shares.

**After the merger, Coventry stockholders will have a significantly lower ownership and voting interest in Aetna than in Coventry and will exercise less influence over management.**

Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, and the number of Aetna common shares outstanding as of October 15, 2012, it is expected that, immediately after completion of the merger, former Coventry stockholders will own approximately 13.5% of the outstanding Aetna common shares. Consequently, Coventry stockholders will have less influence over the management and policies of Aetna than they currently have over the management and policies of Coventry.

**Lawsuits have been filed and other lawsuits may be filed against Coventry and Aetna challenging the merger. An adverse ruling in any such lawsuit may prevent the merger from being completed.**

On August 23, 2012, a putative stockholder class action lawsuit captioned *Coyne v. Wise et al.*, C.A. No. 367380, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of

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directors, Coventry, Aetna and Merger Sub. On August 27, 2012, a second stockholder class action lawsuit captioned *O'Brien v. Coventry Health Care, Inc. et al.*, C.A. 367577, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 5, 2012, a third putative stockholder class action lawsuit captioned *Preze v. Coventry Health Care, Inc. et al.*, C.A. 367942, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. The complaints in all three lawsuits generally allege, among other things, that the individual defendants breached their fiduciary duties owed to Coventry's public stockholders in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these alleged breaches of fiduciary duty. In addition, the complaints generally allege that the proposed merger improperly favors Aetna and that certain provisions of the merger agreement unduly restrict Coventry's ability to negotiate with other potential bidders. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger or, in the event that an injunction is not awarded, unspecified money damages, costs and attorneys' fees.

On August 31, 2012, a putative stockholder class action lawsuit captioned *Brennan v. Coventry Health Care, Inc. et al.*, C.A. No. 7826-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 14, 2012, a second putative stockholder class action lawsuit captioned *Nashelsky v. Coventry Health Care, Inc. et al.*, C.A. No. 7868-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 27, 2012, and September 28, 2012, putative stockholder class action lawsuits captioned *Employees' Retirement System of the Government of the Virgin Islands v. Coventry Health Care, Inc. et al.*, C.A. No. 7905-CS, and *Farina v. Coventry Health Care, Inc. et al.*, C.A. No. 7909-CS, were filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On October 1, 2012, an amended complaint was filed in the *Brennan v. Coventry Health Care, Inc.* action. The complaints generally allege that, among other things, the individual defendants breached their fiduciary duties owed to the public stockholders of Coventry in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these alleged breaches of fiduciary duty. In addition, the complaints generally allege that certain provisions of the merger agreement unduly restrict Coventry's ability to negotiate with other potential bidders and that the merger agreement lacks adequate safeguards on behalf of Coventry's stockholders against the decline in the value of the stock component of the merger consideration. The complaints in the *Employees' Retirement System of the Government of the Virgin Islands*, and *Farina* actions and the amended complaint in the *Brennan* action also generally allege that Aetna's Registration Statement on Form S-4 filed on September 21, 2012, contained various deficiencies. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger, rescissionary and other types of damages and costs and attorneys' fees.

On October 4, 2012, the Court of Chancery of the State of Delaware entered an order consolidating the four Delaware actions under the caption *In re Coventry Health Care, Inc. Shareholder Litigation, Consolidated* C.A. No. 7905-CS, appointing the *Employees' Retirement System of the Government of the Virgin Islands*, *The General Retirement System of the City of Detroit*, and the *Police and Fire Retirement System of the City of Detroit* as Co-Lead Plaintiffs. On October 5, 2012, plaintiffs in the consolidated Delaware action filed a motion for expedited proceedings, and on October 10, 2012, plaintiffs in the consolidated Delaware action filed a motion to preliminarily enjoin the defendants from taking any action to consummate the merger. The parties have since reached agreement on the schedule for those proceedings, which was entered by order of the Court on October 12, 2012. Pursuant to that scheduling order, a hearing on plaintiffs' preliminary injunction motion has been scheduled for November 20, 2012.

See *Proposal I: The Merger Litigation Relating to the Merger* beginning on page 92 of this proxy statement/prospectus for more information about the lawsuits related to the merger that have been filed prior to the date of this proxy statement/prospectus.



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One of the conditions to completion of the merger is the absence of any applicable law (including any order) being in effect that prohibits completion of the merger. Accordingly, if a plaintiff is successful in obtaining an order prohibiting completion of the merger, then such order may prevent the merger from being completed, or from being completed within the expected timeframe.

**The indebtedness of Aetna following completion of the merger will be substantially greater than Aetna's indebtedness on a stand-alone basis and greater than the combined indebtedness of Aetna and Coventry existing prior to the transaction. This increased level of indebtedness could adversely affect Aetna, including by decreasing Aetna's business flexibility, and will increase its borrowing costs. Downgrades in Aetna's ratings could adversely affect Aetna's business, cash flows, financial condition and operating results.**

Upon completion of the merger, Aetna expects to have incurred acquisition-related debt financing of approximately \$2.5 billion. Aetna's substantially increased indebtedness and higher debt-to-equity ratio following completion of the merger in comparison to that of Aetna on a recent historical basis will have the effect, among other things, of reducing Aetna's flexibility to respond to changing business and economic conditions and will increase Aetna's borrowing costs. In addition, the amount of cash required to service Aetna's increased indebtedness levels and thus the demands on Aetna's cash resources may be greater than the amount of cash flows required to service the indebtedness of Aetna or Coventry individually prior to the transaction. The increased levels of indebtedness could also reduce funds available for Aetna's investments in product development as well as capital expenditures, share repurchases and other activities and may create competitive disadvantages for Aetna relative to other companies with lower debt levels.

In addition, Aetna Inc.'s credit ratings impact the cost and availability of future borrowings, and accordingly Aetna's cost of capital. Aetna's ratings reflect each rating organization's opinion of Aetna's financial strength, operating performance and ability to meet Aetna's debt obligations or obligations to Aetna's insureds.

Each of the ratings organizations reviews Aetna's ratings periodically, and there can be no assurance that Aetna's current ratings will be maintained in the future. Following the announcement of the merger, each of A.M. Best, Fitch and Moody's placed certain of Aetna's debt, financial strength and other credit ratings under review for possible downgrade. S&P has affirmed certain of Aetna's ratings and revised its outlook to stable from positive. Downgrades in Aetna's ratings could adversely affect Aetna's business, cash flows, financial condition and operating results.

**Aetna will incur significant transaction and merger-related costs in connection with the merger.**

Aetna expects to incur a number of non-recurring costs associated with the merger and combining the operations of the two companies. The substantial majority of non-recurring expenses resulting from the merger will be comprised of transaction costs related to the merger. Aetna also will incur transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs.

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and employment-related costs. Aetna continues to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the merger and the integration of the two companies' businesses. Although Aetna expects that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the businesses, should allow Aetna to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all.

**The merger may not be accretive, and may be dilutive, to Aetna's operating earnings per share, which may negatively affect the market price of Aetna common shares.**

Aetna currently projects that the merger will be modestly accretive to operating earnings per share during 2013, excluding transaction and integration costs. This projection is based on preliminary estimates that may materially change. In addition, future events and conditions could decrease or delay the accretion that is currently projected or could result in dilution, including adverse changes in market conditions, additional transaction and integration related costs and other factors such as the failure to realize some or all of the benefits anticipated in the merger. Any dilution of, or decrease or delay of any accretion to, Aetna's earnings per share could cause the price of Aetna common shares to decline or grow at a reduced rate.

**The opinion obtained by Coventry's board of directors from its financial advisor does not and will not reflect changes in circumstances subsequent to the date of the merger agreement.**

On August 19, 2012, Greenhill delivered its opinion to the Coventry board of directors that, as of August 19, 2012, and based on and subject to the qualifications, limitations and assumptions set forth in that opinion, the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders. Coventry has not obtained, and will not obtain, an updated opinion from Greenhill. The opinion rendered by Greenhill does not speak to the time when the merger will be completed or to any other date other than the date of such opinion. As a result, the opinion rendered by Greenhill does not and will not address the fairness, from a financial point of view, of the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement at the time the merger is completed or at any time other than August 19, 2012. For a more complete description of the opinion rendered by Greenhill, see Proposal I: The Merger Opinion of Coventry's Financial Advisor beginning on page 73 of this proxy statement/prospectus and the full text of the opinion contained in Annex B to this proxy statement/prospectus.

**Risks relating to Aetna and Coventry.**

Aetna and Coventry are, and following completion of the merger Aetna and Coventry will continue to be, subject to the risks described in (i) Part I, Item 1A in Aetna's Annual Report on Form 10-K for the year ended December 31, 2011, and filed with the SEC on February 24, 2012, (ii) Part II, Item 1A in Aetna's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, and filed with the SEC on July 31, 2012, (iii) Part II, Item 1A in Aetna's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, and filed with the SEC on April 26, 2012, (iv) Part I, Item 1A in Coventry's Annual Report on Form 10-K for the year ended December 31, 2011 and filed with the SEC on February 28, 2012, (v) Part II, Item 1A in Coventry's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2012, and filed with the SEC on August 6, 2012, and (vi) Part II, Item 1A in Coventry's Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2012, and filed with the SEC on May 8, 2012, in each case, incorporated by reference into this proxy statement/prospectus. See Where You Can Find More Information beginning on page 152 of this proxy statement/prospectus.

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Aetna and Coventry have included in this proxy statement/prospectus certain statements that may constitute forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (which is referred to in this proxy statement/prospectus as the Securities Act), Section 21E of the Exchange Act or the United States Private Securities Litigation Reform Act of 1995. In addition, the management of Aetna or Coventry may make forward-looking statements to analysts, investors, representatives of the media and others. You can generally identify forward-looking statements by the use of forward-looking terminology such as anticipate, believe, continue, could, estimate, expect, explore, evaluate, intend, may, might, plan, potential, predict, project, seek, should, or will, or the negatives thereof or comparable terminology. These forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond Aetna's and Coventry's control. Statements in this document regarding Aetna that are forward looking, including, but not limited to, statements concerning Aetna's projections as to the anticipated benefits of the merger to Aetna, increased membership as a result of the merger, the impact of the merger on Aetna's businesses and share of revenues from government business, the methods Aetna will use to finance the cash portion of the merger consideration, the impact of the merger on Aetna's operating earnings per share, the synergies from the merger, the date the merger will be completed, the number of Aetna common shares to be issued pursuant to the merger, Aetna's acquisition-related transaction costs and restructuring and integration charges, and the estimates and assumptions underlying the pro forma financial information contained in this proxy statement/prospectus, are based on management's estimates, assumptions and projections and are subject to significant uncertainties and other factors, many of which are beyond Aetna's control.

In addition to the risks described under "Risk Factors" beginning on page 45 of this proxy statement/prospectus and those risks described in any documents that are incorporated by reference into this proxy statement/prospectus, the following factors, among others, could cause actual future results and other future events to differ materially from those currently estimated by management, including, but not limited to:

the timing to complete the merger;

the risk that a condition to completion of the merger may not be satisfied;

the risk that a regulatory approval that may be required for the merger is delayed, is not obtained or is obtained subject to conditions that are not anticipated;

Aetna's ability to achieve the synergies and value creation projected to be realized following completion of the merger;

Aetna's ability to promptly and effectively integrate Coventry's businesses;

the diversion of management time on merger-related issues; and

the implementation of health care reform legislation and changes in Aetna's future cash requirements, capital requirements, results of operations, financial condition and/or cash flows.

Statements in this document regarding Coventry that are forward-looking, including, but not limited to, statements concerning the anticipated benefits of the merger to Coventry, the projected date the merger will be completed, completion of the merger and the projected membership additions to Aetna, Coventry's acquisition-related transaction costs, the amount of the Greenhill fee, the potential payments to Coventry's named executive officers in connection with the merger and the information set forth under "Proposal I: The Merger" Coventry Unaudited Prospective Financial Information - Certain Projections Prepared by the Management of Coventry" beginning on page 83 of this proxy statement/prospectus, are based on Coventry's management's estimates, assumptions and projections and are subject to significant uncertainties and risks, many of which are beyond the control of Coventry's management. In addition to the risks described under "Risk Factors" beginning on page 45 of this proxy statement/prospectus and those risks described in any documents that are incorporated by reference into this proxy statement/prospectus, the following factors, among others, could cause actual future results and



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other future events to differ materially from those currently estimated by management, including, but not limited to:

the failure to receive, on a timely basis or otherwise, the required approvals by Coventry's stockholders and government or regulatory agencies;

the risk that a condition to completion of the merger may not be satisfied;

Coventry's and Aetna's ability to complete the merger;

the possibility that the anticipated benefits and synergies from the merger cannot be fully realized or may take longer to realize than expected;

the failure by Aetna to obtain the necessary financing in connection with the merger;

the possibility that costs or difficulties related to the integration of Coventry's and Aetna's operations will be greater than expected;

operating costs and business disruption may be greater than expected;

the ability of Coventry to retain and hire key personnel and maintain relationships with providers or other business partners pending completion of the merger; and

the implementation of health care reform legislation.

No assurances can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do occur, what impact they will have on the results of operations, financial condition or cash flows of Aetna or Coventry. Neither Aetna nor Coventry assumes any duty to update or revise forward-looking statements, whether as a result of new information, future events or otherwise, as of any future date.

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**THE COMPANIES**

**Aetna**

Aetna was incorporated in the Commonwealth of Pennsylvania in 1982. Aetna is one of the nation's leading diversified health care benefits companies, serving approximately 36.7 million people as of June 30, 2012, with information and resources to help them make better informed decisions about their health care. Aetna offers 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 exchange technology services. Aetna's 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.

The principal trading market for Aetna common shares (NYSE: AET) is the New York Stock Exchange. The principal executive offices of Aetna are located at 151 Farmington Avenue, Hartford, CT 06156; its telephone number is (860) 273-0123; and its website is [www.aetna.com](http://www.aetna.com).

This proxy statement/prospectus incorporates important business and financial information about Aetna from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see "Where You Can Find More Information" beginning on page 152 of this proxy statement/prospectus.

**Coventry**

Coventry was incorporated in the State of Delaware on December 17, 1997 and is the successor to Coventry Corporation, which was incorporated in the State of Delaware on November 21, 1986.

Coventry is a diversified national managed health care company based in Bethesda, Maryland, dedicated to delivering high-quality health care solutions at an affordable price. Coventry provides a full portfolio of risk and fee-based products, including Medicare and Medicaid programs, group and individual health insurance, workers' compensation solutions, and network rental services. With a presence in every state in the nation, Coventry's products currently serve approximately five million individuals, helping them receive the greatest possible value for their health care investment.

The principal trading market for Coventry common stock (NYSE: CVH) is the New York Stock Exchange. The principal executive offices of Coventry are located at 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817; its telephone number is (301) 581-0600; and its website is [www.coventryhealthcare.com](http://www.coventryhealthcare.com).

This proxy statement/prospectus incorporates important business and financial information about Coventry from other documents that are not included in or delivered with this proxy statement/prospectus. For a list of the documents that are incorporated by reference, see "Where You Can Find More Information" beginning on page 152 of this proxy statement/prospectus.

**Merger Sub**

Merger Sub, was incorporated in the State of Delaware on August 16, 2012, and is a wholly owned subsidiary of Aetna. Merger Sub was formed solely for the purpose of completing a merger with Coventry. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the merger.

The principal executive offices of Merger Sub are located at 151 Farmington Avenue, Hartford, CT 06156 and its telephone number is (860) 273-0123.

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**SPECIAL MEETING OF STOCKHOLDERS OF COVENTRY**

Coventry is providing this proxy statement/prospectus to its stockholders in connection with the solicitation of proxies to be voted at the Coventry special meeting of stockholders (or any adjournment or postponement of the Coventry special meeting), that Coventry has called to consider and vote on a proposal to adopt the merger agreement, a proposal to adjourn the Coventry special meeting, if necessary, and a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

**Date, Time and Location**

Together with this proxy statement/prospectus, Coventry is also sending you a notice of the Coventry special meeting and a form of proxy that is solicited by Coventry's board of directors for use at the Coventry special meeting to be held on November 21, 2012, at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, at 9:00 a.m., local time, and any adjournments or postponements of the Coventry special meeting.

Only stockholders or their proxy holders may attend the Coventry special meeting. If you hold shares in your name at the record date (the close of business on October 15, 2012), please be prepared to provide proper identification, such as a driver's license, to gain admission to the Coventry special meeting.

If you are a beneficial owner of Coventry common stock held in street name by a broker, bank or other holder of record at the record date (the close of business on October 15, 2012), in addition to proper identification, you will also need proof of ownership at the record date to be admitted to the Coventry special meeting. A brokerage statement or letter from a bank or broker are examples of proof of ownership. If you want to vote your shares of Coventry common stock held in street name in person at the Coventry special meeting, you will have to get a written proxy in your name from the broker, bank or other holder of record who holds your shares.

**Purpose**

At the Coventry special meeting, Coventry stockholders will be asked to consider and vote on the following proposals:

to adopt the merger agreement, a copy of which is attached as Annex A to this proxy statement/prospectus;

to approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting; and

to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

Coventry's board of directors does not presently intend to bring any other business before the Coventry special meeting, and Coventry's board of directors does not expect any other matters to be brought before the Coventry special meeting. However, it is intended that proxies, in the form enclosed, will be voted in respect of any other business that may properly come before the Coventry special meeting in accordance with the judgment of the persons voting such proxies.

**Recommendations of the Coventry Board of Directors**

After careful consideration, Coventry's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to

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and in the best interests of Coventry and its stockholders, and unanimously declared advisable and in all respects approved and adopted the merger agreement, the merger and the other transactions contemplated by the merger agreement. The Coventry board of directors unanimously recommends that you vote **FOR** the adoption of the merger agreement. The Coventry board of directors further unanimously recommends that you vote **FOR** the proposal to approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting and **FOR** the proposal to approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. See Proposal I: The Merger Coventry Reasons for the Merger; Recommendation of the Coventry Board of Directors that Coventry Stockholders Adopt the Merger Agreement beginning on page 68 of this proxy statement/prospectus for a more detailed discussion of the recommendation of the Coventry board of directors that Coventry stockholders adopt the merger agreement.

### **Coventry Record Date; Outstanding Shares; Stockholders Entitled to Vote**

The Coventry board of directors has fixed the close of business on October 15, 2012, as the record date for determination of the stockholders entitled to receive notice of, and vote at, the Coventry special meeting or any adjournment or postponement of the Coventry special meeting. As of the close of business on October 15, 2012, there were 134,426,998 shares of Coventry common stock outstanding and entitled to vote at the Coventry special meeting, held by approximately 751 holders of record. A complete list of stockholders entitled to vote at the Coventry special meeting will be available for a period of ten days prior to the Coventry special meeting at the offices of Coventry, located at 6720-B Rockledge Drive, Suite 700, Bethesda, Maryland 20817, and at the offices of Bass, Berry & Sims PLC located at 150 Third Avenue South, Suite 2800, Nashville, Tennessee 37201, for inspection by any stockholder, for any purpose germane to the Coventry special meeting, during usual business hours. The stockholder list also will be available at the Coventry special meeting for examination by any stockholder present at the Coventry special meeting.

### **Quorum**

A quorum of stockholders at the Coventry special meeting is required for Coventry's stockholders to adopt the merger agreement or approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger, but not to approve any adjournment or postponement of the Coventry special meeting. The presence at the Coventry special meeting, in person or by proxy, of the holders of a majority of the shares of Coventry common stock outstanding at the record date (the close of business on October 15, 2012) and entitled to vote will constitute a quorum. Abstentions will be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum. Shares of Coventry common stock held in street name with respect to which the beneficial owner fails to give voting instructions to the broker, bank or other holder of record, and shares of Coventry common stock with respect to which the beneficial owner otherwise fails to vote, will not be deemed present and entitled to vote at the Coventry special meeting for the purpose of determining the presence of a quorum.

### **Required Vote**

To adopt the merger agreement, the affirmative vote of holders of a majority of the shares of Coventry common stock outstanding and entitled to vote on the proposal is required. **Because approval requires the affirmative vote of a majority of the outstanding shares of Coventry common stock entitled to vote on the proposal, a Coventry stockholder's abstention from voting, the failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have the same effect as a vote AGAINST the adoption of the merger agreement.**

To approve the adjournment of the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting, the



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affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal is required. If a quorum is not present, holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote at the Coventry special meeting may adjourn the meeting until a quorum is present. Because approval of this proposal requires the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote, an abstention will have the same effect as a vote **AGAINST** the proposal to adjourn the Coventry special meeting. The failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the outcome of any vote to adjourn the Coventry special meeting.

To approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger, the affirmative vote of holders of a majority of the shares of Coventry common stock present in person or represented by proxy at the Coventry special meeting and entitled to vote on the proposal is required. Because approval of this proposal requires the affirmative vote of holders of a majority of the shares present in person or represented by proxy and entitled to vote, an abstention will have the same effect as a vote **AGAINST** the proposal to approve the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. The failure of a Coventry stockholder who holds his or her shares in street name through a broker, bank or other holder of record to give voting instructions to that broker, bank or other holder of record or a Coventry stockholder's other failure to vote will have no effect on the outcome of any vote to approve the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

### **Stock Ownership of and Voting by Coventry Directors and Executive Officers**

At the record date for the Coventry special meeting (the close of business on October 15, 2012), Coventry's directors and executive officers and their affiliates beneficially owned and had the right to vote 1,256,969 shares of Coventry common stock at the Coventry special meeting, which represents approximately 0.9% of the shares of Coventry common stock entitled to vote at the Coventry special meeting.

It is expected that Coventry's directors and executive officers will vote their shares **FOR** the adoption of the merger agreement, **FOR** the proposal to adjourn the Coventry special meeting, if necessary, and **FOR** the golden parachute compensation proposal, although none of them has entered into any agreement requiring them to do so.

### **Voting of Shares**

#### ***Via the Internet or by Telephone***

If you hold Coventry shares directly in your name as a stockholder of record, you may vote via the Internet at [www.proxyvote.com](http://www.proxyvote.com) or by telephone by calling (800) 690-6903. Votes submitted via the Internet or by telephone must be received by 11:59 PM (Eastern Time) on November 20, 2012.

If you hold Coventry shares in street name through a broker, bank or other holder of record, you may vote via the Internet or by telephone only if Internet or telephone voting is made available by your broker, bank or other holder of record. Please follow the voting instructions provided by your broker, bank or other holder of record with these materials.

#### ***By Mail***

If you hold Coventry shares directly in your name as a stockholder of record, you will need to mark, sign and date your proxy card and return it using the postage-paid return envelope provided or return it to Broadridge

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Financial Solutions, Inc., 51 Mercedes Way, Edgewood, New York 11717. Broadridge Financial Solutions, Inc. must receive your proxy card no later than the close of business on November 20, 2012.

If you hold Coventry shares in street name through a broker, bank or other holder of record, to vote by mail, you will need to mark, sign and date the voting instruction form provided by your broker, bank or other holder of record and return it in the postage-paid return envelope provided. Your broker, bank or other holder of record must receive your voting instruction form in sufficient time to vote your shares.

***In Person***

If you hold Coventry shares directly in your name as a stockholder of record, you may vote in person at the Coventry special meeting. Stockholders of record also may be represented by another person at the Coventry special meeting by executing a proper proxy designating that person.

If you hold Coventry shares in street name through a broker, bank or other holder of record, you must obtain a legal proxy from that institution and present it to the inspector of elections with your ballot to be able to vote in person at the Coventry special meeting. To request a legal proxy please contact your broker, bank or other holder of record.

When a stockholder submits a proxy via the Internet or by telephone, his or her proxy is recorded immediately. We encourage you to register your vote via telephone or the Internet whenever possible. If you submit a proxy via the Internet or by telephone, please do not return your proxy card by mail. If you attend the meeting, you may also submit your vote in person. Any votes that you previously submitted whether via the Internet, by telephone or by mail will be superseded by any vote that you cast at the Coventry special meeting.

If your shares are held in an account at a broker, bank or other holder of record, you must instruct the broker, bank or other holder of record on how to vote your shares. Brokers, banks and other holders of record who hold shares of Coventry common stock in street name typically have the authority to vote in their discretion on routine proposals when they have not received instructions on how to vote from the beneficial owner. However, brokers, banks and other holders of record are typically not allowed to exercise their voting discretion on matters that are non-routine without specific instructions on how to vote from the beneficial owner. Under the current rules of the New York Stock Exchange, each of the three proposals described in this proxy statement/prospectus is considered non-routine, and therefore brokers do not have discretionary authority to vote on any of the three proposals. If your shares of Coventry common stock are held in street name, your broker, bank or other holder of record will vote your shares only if you provide instructions on how to vote by filling out the voting instruction form sent to you by your broker, bank or other holder of record with this proxy statement/prospectus. A beneficial owner's failure to instruct the broker, bank or other holder of record how to vote shares held in street name will have the same effect as a vote **AGAINST** the adoption of the merger agreement. A beneficial owner's failure to instruct the broker, bank or other holder of record how to vote shares held in street name will have no effect on the proposal to adjourn the Coventry special meeting, if necessary, or the proposal to approve the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

Broker non-votes are shares held by a broker, bank or other holder of record that are present in person or represented by proxy at the special meeting, but with respect to which the broker, bank or other holder of record is not instructed by the beneficial owner of such shares how to vote on a particular proposal and the broker does not have discretionary voting power on such proposal. Because brokers, banks and other holders of record do not have discretionary voting authority with respect to any of the three proposals described in this proxy statement/prospectus, if a beneficial owner of shares of Coventry common stock held in street name does not give voting instructions to the broker, bank or other holder of record, then those shares will not be present in person or represented by proxy at the special meeting. As a result, it is expected that there will not be any broker non-votes in connection with any of the three proposals described in this proxy statement/prospectus.

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All shares represented by each properly executed and valid proxy received before the Coventry special meeting will be voted in accordance with the instructions given on the proxy. If a Coventry stockholder executes a proxy card without giving instructions, the shares of Coventry common stock represented by that proxy card will be voted **FOR** the adoption of the merger agreement, **FOR** the proposal to approve the adjournment of the Coventry special meeting, if necessary, and **FOR** the proposal to approve, on an advisory (non-binding) basis, golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger. **Coventry stockholders should NOT send stock certificates with their proxy cards.**

**Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend the Coventry special meeting in person, please vote or otherwise submit a proxy to vote your shares as promptly as possible so that your shares may be represented and voted at the Coventry special meeting.**

### **Revocability of Proxies; Changing Your Vote**

You may revoke your proxy or change your vote at any time before your shares are voted at the Coventry special meeting. If you are a stockholder of record at the record date (the close of business on October 15, 2012), you can revoke your proxy or change your vote by:

sending a signed notice stating that you revoke your proxy to the Secretary of Coventry, at Coventry's offices at 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817, Attention: Secretary, that bears a date later than the date of the proxy you want to revoke and is received prior to the Coventry special meeting;

submitting a valid, later-dated proxy by Internet, telephone or mail that is received prior to the Coventry special meeting; or

attending the Coventry special meeting (or, if the Coventry special meeting is adjourned or postponed, attending the adjourned or postponed meeting) and voting in person, which will automatically cancel any proxy previously given, or revoking your proxy in person, but your attendance alone will not revoke any proxy previously given.

If you hold your shares in street name through a broker, bank or other holder of record, you must contact your brokerage firm or bank to change your vote or obtain a legal proxy to vote your shares if you wish to cast your vote in person at the Coventry special meeting.

### **Solicitation of Proxies; Expenses of Solicitation**

This proxy statement/prospectus is being provided to holders of Coventry common stock in connection with the solicitation of proxies by the board of directors of Coventry to be voted at the Coventry special meeting and at any adjournments or postponements of the Coventry special meeting. Coventry will bear all costs and expenses in connection with the solicitation of proxies, including the costs of filing, printing and mailing this proxy statement/prospectus for the Coventry special meeting. Coventry has engaged MacKenzie Partners, Inc. to assist in the solicitation of proxies for the Coventry special meeting and will pay MacKenzie Partners, Inc. a fee of approximately \$15,000, plus reimbursement of reasonable out-of-pocket expenses.

In addition to solicitation by mail, directors, officers and employees of Coventry or its subsidiaries may solicit proxies from stockholders by telephone, telegram, e-mail, personal interview or other means. Coventry currently expects not to incur any costs beyond those customarily expended for a solicitation of proxies in connection with a merger agreement. Directors, officers and employees of Coventry will not receive additional compensation for their solicitation activities, but may be reimbursed for reasonable out-of-pocket expenses incurred by them in connection with the solicitation. Brokers, dealers, commercial banks, trust companies, fiduciaries, custodians and other nominees have been requested to forward proxy solicitation materials to their customers and such nominees will be reimbursed for their reasonable out of pocket expenses.

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### **Householding**

The SEC has adopted a rule concerning the delivery of annual reports and proxy statements. It permits Coventry, with your permission, to send a single notice of meeting and, to the extent requested, a single set of this proxy statement/prospectus to any household at which two or more stockholders reside if Coventry believes they are members of the same family. This rule is called "householding," and its purpose is to help reduce printing and mailing costs of proxy materials. To date, Coventry has not instituted this procedure but may do so in the future.

A number of brokerage firms have instituted householding. If you and members of your household have multiple accounts holding shares of Coventry's common stock, you may have received a householding notification from your broker. Please contact your broker directly if you have questions, require additional copies of this proxy statement/prospectus or wish to revoke your decision to household. These options are available to you at any time.

### **Adjournment**

Coventry stockholders are being asked to approve a proposal that will give Coventry's board of directors authority to adjourn the Coventry special meeting for the purpose of soliciting additional proxies in favor of the adoption of the merger agreement if there are not sufficient votes at the time of the Coventry special meeting to adopt the merger agreement. If this proposal is approved, the Coventry special meeting could be adjourned to any date. In addition, the Coventry board of directors could postpone the meeting before it commences, whether for the purpose of soliciting additional proxies or for other reasons. If the Coventry special meeting is adjourned for the purpose of soliciting additional proxies, stockholders who have already submitted their proxies will be able to revoke them at any time prior to their use. If you return a proxy and do not indicate how you wish to vote on any proposal, or if you indicate that you wish to vote in favor of the adoption of the merger agreement but do not indicate a choice on the adjournment proposal, your shares will be voted in favor of the adjournment proposal. But if you indicate that you wish to vote against the adoption of the merger agreement, your shares will only be voted in favor of the adjournment proposal if you indicate that you wish to vote in favor of that proposal.

### **Other Information**

The matters to be considered at the Coventry special meeting are of great importance to the stockholders of Coventry. Accordingly, you are urged to read and carefully consider the information contained in or incorporated by reference into this proxy statement/prospectus and submit your proxy via the Internet or by telephone or complete, date, sign and promptly return the enclosed proxy in the enclosed postage-paid envelope. **If you submit your proxy via the Internet or by telephone, you do not need to return the enclosed proxy card.**

**Stockholders should not send any stock certificates at this time.** A transmittal form with instructions for the surrender of stock certificates for Coventry common stock will be mailed to you as soon as practicable after completion of the merger.

### **Assistance**

If you need assistance in completing your proxy card or have questions regarding the Coventry special meeting, please contact: Coventry Investor Relations at (301) 581-5430 or write to Coventry Health Care, Inc., 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817, Attention: Investor Relations, or contact MacKenzie Partners, Inc., the proxy solicitor for Coventry Health Care, Inc., toll-free at (800) 322-2885 or collect at (212) 929-5500 or write to 105 Madison Avenue, New York, NY 10016 or email [proxy@mackenziepartners.com](mailto:proxy@mackenziepartners.com).

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**PROPOSAL I: THE MERGER**

**General**

This proxy statement/prospectus is being provided to holders of Coventry common stock in connection with the solicitation of proxies by the board of directors of Coventry to be voted at the Coventry special meeting and at any adjournments or postponements of the Coventry special meeting. At the Coventry special meeting, Coventry will ask its stockholders to vote on (i) a proposal to adopt the merger agreement, (ii) a proposal to adjourn the Coventry special meeting if necessary to solicit additional proxies if there are not sufficient votes to adopt the merger agreement at the time of the Coventry special meeting and (iii) a proposal to approve, on an advisory (non-binding) basis, the golden parachute compensation payments that will or may be paid by Coventry to its named executive officers in connection with the merger.

The merger agreement provides for the merger of Merger Sub with and into Coventry, with Coventry continuing as the surviving corporation and a wholly owned subsidiary of Aetna. **The merger will not be completed unless Coventry stockholders adopt the merger agreement.** A copy of the merger agreement is attached as Annex A to this proxy statement/prospectus. You are urged to read the merger agreement in its entirety because it is the legal document that governs the merger. For additional information about the merger, see The Merger Agreement Structure of the Merger and The Merger Agreement Merger Consideration beginning on pages 96 and 97, respectively, of this proxy statement/prospectus.

Upon completion of the merger, each share of Coventry common stock will be converted into the right to receive \$27.30 in cash, without interest, and 0.3885 of an Aetna common share. Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, Aetna expects to issue approximately 52,224,888 Aetna common shares to Coventry stockholders pursuant to the merger. The actual number of Aetna common shares to be issued pursuant to the merger will be determined at completion of the merger based on the exchange ratio of 0.3885 and the number of shares of Coventry common stock (including restricted shares) outstanding at such time. Based on the number of shares of Coventry common stock (including restricted shares) outstanding as of October 15, 2012, and the number of Aetna common shares outstanding as of October 15, 2012, it is expected that, immediately after completion of the merger, former Coventry stockholders will own approximately 13.5% of the outstanding Aetna common shares.

**Background of the Merger**

As part of the ongoing evaluation of Coventry's business, members of Coventry's senior management and Coventry's board of directors periodically review and assess the company's operations, financial performance, industry conditions and related regulatory developments as they may each impact the company's long-term strategic goals and plans, including a review of potential opportunities to maximize stockholder value through business combinations, acquisitions, and other financial and strategic alternatives. Strategic alternatives considered by Coventry have included, among other things, potential business combinations, the sale of the company and potential acquisitions of public and private managed care companies.

The managed care industry has been presented with both significant risks and substantial business opportunities by events in the past few years, including the enactment of the Patient Protection and Affordable Care Act (which is referred to in this proxy statement/prospectus as the Affordable Care Act) in March 2010, which implemented substantial changes in the managed care industry, and the decision of the United States Supreme Court in the case of Nat. Fed. of Indep. Bus. v. Sebelius, Sec. of Dept. of Health & Human Servs., No. 11-393 (2012); Dept. of Health & Human Servs. v. Florida, Nos. 11-398 & 11-400 (2012) (which is referred to in this proxy statement/prospectus as the Sebelius decision), which upheld the power of the United States Congress to enact most provisions of the Affordable Care Act. The risks posed by this new environment include, among others, potential efforts by Congress to repeal all or a portion of the Affordable Care Act; the effect of the outcome of the 2012 presidential election on the Affordable Care Act; legal challenges to the Affordable Care

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Act; the net impact of the non-deductible excise tax on health insurers beginning in 2014; and the likelihood of margin pressure and a more highly regulated environment in the future. On the other hand, the opportunities presented by this new environment include, among others, the dual eligibles demonstration projects and Medicaid expansion created by the Affordable Care Act; the establishment of state health insurance exchanges, which are scheduled to take effect in 2014; and the expected growth pipeline for the industry. Faced with these risks and opportunities, Coventry's senior management and its board of directors have from time to time considered a variety of potential opportunities to maximize stockholder value, and have discussed the likelihood that these risks and opportunities would lead to significant consolidation in the managed care industry.

Allen F. Wise, Coventry's chief executive officer, from time to time meets with other chief executive officers of managed care companies to discuss industry developments and events (including approximately four meetings in the previous 12 months with the chief executive officers of large managed care organizations). On February 6, 2012, Mr. Wise met with Mark T. Bertolini, Aetna's chief executive officer, to become acquainted and to discuss the managed care industry generally.

Following this meeting, on April 6, 2012, Mr. Bertolini called Mr. Wise to express an interest in a meeting in early May 2012 to discuss a potential business combination between Aetna and Coventry. On April 9, 2012, Mr. Wise called Mr. Bertolini and confirmed the meeting date of May 2, 2012, and the attendees for this meeting.

On April 26, 2012, Coventry and Aetna executed a confidentiality and one-year standstill agreement in anticipation of the potential exchange of information and in-person meetings between members of senior management of both companies.

On May 2, 2012, Mr. Bertolini, Joseph M. Zubretsky, Aetna's senior executive vice president and chief financial officer, and Mark L. Keim, Aetna's global head of strategy and corporate development, met with Mr. Wise, Randy Giles, Coventry's chief financial officer, and Drew Asher, Coventry's senior vice president of corporate finance, in New York in order to initiate a more formal dialogue relating to a potential business combination. During a subsequent meeting in Hartford, Connecticut, Mr. Asher provided Mr. Zubretsky and Mr. Keim with a limited amount of non-public information concerning Coventry's business. Mr. Asher also provided Mr. Keim with certain additional non-public information concerning Coventry's business, selling, general and administrative expenses and general business outlook after this meeting. Mr. Keim advised Mr. Asher that Aetna anticipated making a proposal on or about May 19, 2012, following its May 18, 2012, board meeting, and that Aetna had engaged Goldman, Sachs & Co. (which is referred to in this proxy statement/prospectus as Goldman Sachs) and UBS Securities LLC (which is referred to in this proxy statement/prospectus as UBS) as its financial advisors.

On May 16, 2012, Mr. Wise telephoned Mr. Bertolini, and Mr. Bertolini confirmed that Aetna anticipated making a proposal following discussion at its board meeting on May 18 and that he would call Mr. Wise following that board meeting. On May 17, 2012, during a regularly scheduled in-person meeting of the Coventry board, Mr. Wise notified Coventry's board of directors that preliminary discussions with Mr. Bertolini had taken place and that Coventry would likely be receiving a proposal from Aetna in the following days. The Coventry board then scheduled a telephonic meeting for May 23, 2012, to discuss the terms of any proposal received. Following this meeting, the members of the Coventry board of directors reviewed background materials on Aetna and the managed care industry generally that had been prepared by Greenhill at the request of Coventry's management.

On May 18, 2012, Aetna's board of directors met to discuss the results of their review of information relating to Coventry and a potential proposal to Coventry that was prepared by Aetna's management team. Following this discussion, on May 21, 2012, Mr. Bertolini called Mr. Wise to propose the terms of an offer to acquire Coventry for \$35 to \$37 per share, with consideration that would be approximately 25% to 50% cash (with the remainder consisting of Aetna common shares).

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Later that day, Mr. Wise discussed his conversation with Mr. Bertolini and the terms of the Aetna proposal in telephone calls with the members of Coventry's board of directors. Following his discussions with the members of the board, Mr. Wise called Mr. Bertolini and advised Mr. Bertolini that the terms of the Aetna proposal did not represent sufficient value for Coventry's stockholders, and therefore Coventry did not have any interest in moving forward under the proposed terms. At the direction of Aetna and Coventry, Aetna's and Coventry's respective financial advisors had subsequent conversations and, on May 22, 2012, Mr. Wise advised Mr. Bertolini that the telephonic board meeting previously scheduled for May 23, 2012, had been canceled, and reiterated that Coventry had no intention of moving forward under the proposed terms. Mr. Bertolini advised that Aetna was not in a position to increase its proposal, and Mr. Wise and Mr. Bertolini agreed that discussions between the companies about a potential transaction would be terminated.

On June 26, 2012, at Mr. Wise's request Messrs. Wise and Bertolini scheduled a meeting, to take place on July 2, 2012, in order to discuss their thoughts about the managed care industry (including the perceived likelihood that the United States Supreme Court would shortly announce the Sebelius decision). Subsequently, on June 28, 2012, the United States Supreme Court announced the Sebelius decision. Following the announcement of the Sebelius decision, on July 2, 2012, Mr. Bertolini and Mr. Wise met in Connecticut, at which meeting the parties discussed the consequences of the Sebelius decision and its impact on the strategic direction of their respective companies and the industry. Messrs. Bertolini and Wise also discussed Aetna's prior offer and current level of interest in pursuing an acquisition of Coventry, during which Mr. Wise informed Mr. Bertolini that, based upon the information he had reviewed in anticipation of Aetna's offer in May, including the materials prepared by Greenhill, and in light of the increase in price that such an offer would reflect as compared to Aetna's May proposal, he would be willing to bring to the Coventry board for its consideration and discussion a proposed transaction by Aetna whereby Coventry's shareholders received at least \$42.00 per share. Subsequently, on July 5, 2012, Mr. Bertolini telephoned Mr. Wise and confirmed Aetna's interest in pursuing an acquisition of Coventry and that he thought that Aetna would be able to acquire Coventry for up to \$42.00 per share if Aetna's valuation assumptions were validated in due diligence.

On July 9, 2012, Mr. Bertolini sent Mr. Wise a letter containing a non-binding, indication of interest from Aetna. The letter stated that Aetna would be prepared to acquire 100% of Coventry's outstanding shares for a purchase price of up to \$42.00 per share. The Aetna proposal also indicated that the consideration would be a mixture of cash and a substantial component of Aetna common shares (although it did not indicate the precise ratio of cash to stock consideration) and indicated that Aetna expected to establish the exchange ratio for the share component of the consideration at a time close to the signing of definitive transaction documents.

At a telephonic meeting of the Coventry board of directors on July 11, 2012, the Coventry board reviewed the terms of Aetna's indication of interest, and approved the retention of Greenhill as Coventry's financial advisor and the retention of Wachtell, Lipton, Rosen & Katz (which is referred to in this proxy statement/prospectus as Wachtell Lipton) as Coventry's outside counsel (alongside Bass, Berry & Sims PLC (which is referred to in this proxy statement/prospectus as Bass Berry), Coventry's existing outside counsel). Coventry management and the Coventry board reviewed the opportunities and challenges posed by any potential combination between Aetna and Coventry, as well as the opportunities and challenges associated with maintaining Coventry's existence as an independent company amid greater industry consolidation and compared to the opportunities presented by the merger. Representatives of Greenhill provided financial analyses and data regarding Aetna's indication of interest, Aetna's overall business, precedent transactions in the managed care industry, the opportunities and challenges posed by any potential combination between Aetna and Coventry (as well as the opportunities and challenges Coventry would face if it were to remain a stand-alone company), other likely partners for a business combination transaction, various preliminary considerations to be made in any valuation analysis and an overview of likely process and next steps. Representatives of Wachtell Lipton and Bass Berry presented a review of relevant fiduciary duties applicable to the directors' consideration of strategic alternatives. The Coventry board then engaged in extensive discussion with its advisors regarding Aetna's proposal and whether to engage in discussions going forward. The Coventry board also discussed potential process structures to maximize value, as well as the benefits and risks of a pre-signing market check process,

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including, among other things, confidentiality and employee concerns, the potential negative impact of market speculation on provider relationships and related business concerns, the remoteness of any private equity interest because of the required regulatory approvals and the leverage limitations associated with managed care companies, the antitrust risk and financial capacity of other potential strategic acquirers and the likelihood such strategic acquirers would offer a proposal. Following these discussions, the Coventry board decided that it would be willing to engage in further negotiations with Aetna regarding a business combination if Aetna were to confirm that it was prepared to proceed with a transaction with a value of at least \$42.00 per share of Coventry common stock (not a value up to \$42.00 per share). The Coventry board also determined to express to Aetna that certainty of completion of the merger was paramount in any potential transaction, and therefore any definitive agreement would need to minimize conditionality for Coventry's stockholders (including with respect to regulatory matters). The Coventry board discussed that, within these parameters, the likely next steps would involve a short additional period of due diligence by Aetna, following which Coventry would expect Aetna to formalize its view of value and merger consideration. The Coventry board then authorized Mr. Wise to contact Mr. Bertolini to express its decision on these matters.

After the board meeting, on July 11, 2012, Mr. Wise contacted Mr. Bertolini to inform him that the Coventry board had met and that he would be sending Mr. Bertolini a letter expressing the decision of Coventry's board, following which Mr. Wise sent Mr. Bertolini a letter noting the points decided at the Coventry special meeting of Coventry's board.

On July 13, 2012, following discussion with Aetna's board of directors, Mr. Bertolini contacted Mr. Wise to confirm that Aetna was prepared to proceed with a transaction with a value of \$42.00 per share and that Aetna understood Coventry's directors' concerns regarding certainty of completion of any transaction. Mr. Bertolini also noted that Aetna targeted completion of its initial due diligence exercise by early August, at which point Aetna would be in a position to formalize its view of value and the amount of merger consideration that would be in cash.

During the next several weeks, Coventry supplied Aetna and its representatives with extensive due diligence information regarding Coventry. Members of senior management of both parties and their representatives also engaged in several in-person and telephonic discussions, including in-person management meetings on July 23 and 24, 2012, in Tysons Corner, Virginia, and multiple follow-up diligence calls on individual diligence topics.

On August 5, 2012, Mr. Bertolini sent Mr. Wise a letter containing a new, non-binding proposal from Aetna. This new proposal specified that Aetna would be prepared to acquire 100% of Coventry's outstanding shares for a purchase price of \$42.00 per share. The proposal further specified that the consideration to be paid by Aetna would consist of approximately 60-65% cash and 35-40% Aetna common shares, and noted that Aetna expected the exchange ratio for the stock component of the consideration to be established based on the volume-weighted average price of Aetna common shares for the three trading days prior to signing of definitive transaction documents. The letter also noted that, as currently structured, the transaction contemplated by the Aetna proposal would not require approval of Aetna's shareholders and would not be subject to financing conditions. Aetna's proposal indicated that Aetna was prepared to complete its confirmatory due diligence, provide information to Coventry in a reverse due diligence process (in light of the Aetna share component of the merger consideration) and negotiate definitive documentation as promptly as possible.

On August 6, 2012, Coventry's board of directors held a special telephonic meeting to discuss the terms of the new proposal from Aetna and to receive an update on the diligence process. At this meeting, representatives of Wachtell Lipton and Bass Berry again reviewed the fiduciary duties of directors and officers relating to their consideration of a potential transaction, including the standards of judicial review in various circumstances. Coventry management reviewed its projections for 2012 through 2015 and the assumptions associated with those projections. Coventry management and the Coventry board reviewed again the opportunities and challenges posed by any potential combination between Aetna and Coventry, as well as the opportunities and challenges associated with maintaining Coventry's existence as an independent company amid greater industry



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consolidation and compared to the opportunities presented by the merger. Representatives of Greenhill again reviewed the financial terms of Aetna's indication of interest and discussed developments at both companies and in the managed care industry since Aetna's July 9 proposal, certain opportunities and challenges arising from a potential business combination (as well as opportunities and challenges Coventry would face if it were to remain a stand-alone company), a preliminary discussion of valuation and likely process and next steps. Greenhill also provided the board of directors with an overview and analysis of Aetna's business, supporting valuation analyses of Coventry, a theoretical sum-of-the-parts analysis of Coventry and an illustrative example of potential synergies and combination analysis resulting from a potential transaction between Coventry and Aetna. Following these presentations, the board of directors and its advisors discussed Aetna's proposal and potential steps going forward. After discussion, the board of directors resolved that Mr. Wise, together with Elizabeth E. Tallett, Coventry's lead independent director, should communicate to Mr. Bertolini that, while Coventry was enthusiastic about a business combination with Aetna and the potential benefits to both companies from any such combination, the board felt that, based on its evaluation of likely synergies, Aetna should be able to offer an additional \$0.25-\$0.50 per share in consideration.

Later that day, Mr. Wise and Mrs. Tallett called Mr. Bertolini to communicate the board of directors' message and request that Aetna provide additional value. Mr. Bertolini responded during this conversation that Aetna was unwilling to pay any more than \$42.00 per share.

On August 6 and 7, 2012, Mr. Wise contacted each director by telephone to report the conversation between Mr. Wise, Mrs. Tallett and Mr. Bertolini, and confirmed that each director believed that the process should move forward under the terms proposed by Aetna in its proposal of August 5, subject to Aetna's completion of confirmatory due diligence and Coventry's completion of reverse due diligence of Aetna, as well as satisfactory negotiation of definitive transaction documents, which the parties expected to be considered at the board's regularly scheduled meeting in Jackson Hole, Wyoming on August 15, 2012. Following these calls on August 7, 2012, Mr. Wise called Mr. Bertolini to express the willingness of the Coventry board of directors to move forward, and representatives of Coventry's advisors contacted representatives of Aetna's advisors to discuss the process for completion of both companies' due diligence and negotiation of definitive documentation.

On August 8, 2012, representatives of Coventry's senior management and advisors met with representatives of Aetna's senior management and advisors at the offices of Aetna's legal counsel, Davis Polk & Wardwell LLP (which is referred to in this proxy statement/prospectus as Davis Polk), in New York, New York to conduct Coventry's due diligence of Aetna. Later that day, representatives of Davis Polk contacted representatives of Wachtell Lipton and Bass Berry to propose the terms of a definitive merger agreement relating to the transaction.

From August 8, 2012 to August 15, 2012, Coventry, assisted by its advisors, and Aetna, assisted by its advisors, negotiated the terms of a definitive merger agreement. During this time, members of Coventry's management and representatives of Coventry's advisors also performed additional due diligence and had numerous telephonic conversations with members of Aetna's management regarding Aetna's business and operations. Over this time, representatives of Coventry and Aetna discussed the material terms of the definitive merger agreement, although these representatives were not able to resolve a number of material items, including the level of action Aetna would be required to undertake in order to achieve antitrust and regulatory approval for the proposed transaction, as well as Aetna's request that the definitive merger agreement contain a termination fee, which Aetna initially proposed would equal 4% of the equity value of the transaction, and a force the vote provision (which would require Coventry to submit the merger agreement to a stockholder vote and would not permit Coventry to terminate the merger agreement, even if Coventry were to receive a superior acquisition proposal from a third party).

On August 15 and 16, 2012, Coventry's board was scheduled to hold its regularly scheduled board and committee meetings in Jackson Hole, Wyoming. After conferring with Greenhill, Wachtell Lipton and Bass Berry on the night of August 14, 2012, concerning the status of the merger agreement negotiations, Mr. Wise, on the morning of August 15, 2012, proposed to Mr. Bertolini that he, together with other members of Aetna's

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senior management and representatives of Aetna's advisors, travel to Jackson Hole to participate in in-person meetings to resolve these remaining material items. Mr. Bertolini accepted the invitation, and he and other members of Aetna's senior management and representatives of Goldman Sachs and Davis Polk traveled to Jackson Hole on August 15, 2012. During the course of the Coventry board meetings in Jackson Hole that day, Coventry's advisors discussed with the board of directors the process of negotiation of the definitive merger agreement, particularly Aetna's and Coventry's positions with respect to the remaining material items. As part of these discussions, the Coventry board of directors once again emphasized its concern that Coventry stockholders receive certainty of completion of any transaction (including a significant commitment by any potential purchaser to seek antitrust and regulatory approval) and that the terms of any definitive agreement not be overly prohibitive to other, potentially competitive, business combination proposals. Coventry management and the Coventry board again reviewed the opportunities and challenges arising from a potential business combination (as well as the opportunities and challenges Coventry would face if it were to remain a stand-alone company), and together with Coventry's advisors also discussed Coventry's due diligence of Aetna, including, among other things, its financial resources to consummate a transaction, adequacy of reserves, and public relations and roll-out plans in the case that a transaction proceeded toward announcement. Later in the evening of August 15, 2012, after Mr. Bertolini and the other Aetna representatives and advisors had arrived in Jackson Hole, members of both companies' senior management and representatives of their advisors engaged in extensive negotiations regarding the terms of a definitive merger agreement.

Following these discussions, from August 15, 2012, to August 19, 2012, Coventry, aided by Wachtell Lipton and Bass Berry, and Aetna, aided by Davis Polk, reached agreement on the material outstanding items of the definitive merger agreement, including: the requirement that Aetna take efforts to achieve antitrust and regulatory approval up to a defined Regulatory Material Adverse Effect standard; the addition of a reverse termination fee payable by Aetna to Coventry in certain circumstances in connection with the failure to achieve antitrust or regulatory approval; the elimination of the force the vote provision; and the lowering of the termination fee payable by Coventry to 3% of the equity value of the transaction (with the equity value of the transaction based on the contemplated deal consideration of \$42.00 per share).

On the evening of August 19, 2012, Coventry held a special meeting of its board of directors to review the proposed transaction with Aetna. Prior to the meeting, directors had received copies of the draft merger agreement, a summary of the terms of such merger agreement, proposed board resolutions and presentation materials prepared by each of Greenhill, Wachtell Lipton, Bass Berry and members of Coventry's senior management. At the meeting, Thomas C. Zielinski, Coventry's general counsel, and Mr. Asher, as well as representatives of Greenhill, Wachtell Lipton and Bass Berry reviewed with the board the proposed terms of the transaction and discussed the resolution of the final issues in the merger agreement and completion of Coventry's due diligence analysis of Aetna. Representatives of Wachtell Lipton and Bass Berry then reviewed with the Coventry board its fiduciary duties in considering the transaction. Following questions from the directors, representatives of Wachtell Lipton and Bass Berry discussed the detailed terms of the draft merger agreement, including the history of negotiations on the material transaction terms, the regulatory efforts covenants and reverse termination fee that had been negotiated, the elimination of the force the vote requirement, the lowering of Coventry's termination fee and the treatment of Coventry's common stock and other equity awards in the transaction.

Representatives of Greenhill then reviewed with the Coventry board the presentation previously prepared by Greenhill, including its financial analysis of the proposed merger consideration, and rendered its oral opinion to the Coventry board, which was subsequently confirmed by delivery of a written opinion dated August 19, 2012, that, as of such date and based on and subject to the qualifications, limitations and assumptions set forth in that opinion, the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement is fair, from a financial point of view, to such holders. Greenhill's financial analysis and written opinion is described below under "Opinion of Coventry's Financial Advisor" beginning on page 73 of this proxy statement/prospectus.

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Following these presentations, Coventry's board of directors engaged in an extensive discussion with representatives of Greenhill, Wachtell Lipton and Bass Berry regarding the proposed transaction, and the directors determined unanimously that the merger agreement with Aetna, substantially in the form presented, the merger contemplated by such merger agreement and the other transactions contemplated by such merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders, and the directors unanimously declared advisable and in all respects approved and adopted the merger agreement with Aetna, substantially in the form presented, the merger contemplated by such merger agreement and the other transactions contemplated by such merger agreement. After the meeting, later in the evening of August 19, 2012, officers of Coventry and Aetna executed the merger agreement. Coventry and Aetna subsequently issued a joint press release in the morning of August 20, 2012, publicly announcing their entry into the merger agreement.

### **Certain Relationships between Aetna and Coventry**

Aetna, Coventry and their respective affiliates engage in transactions and enter into agreements with each other in the ordinary course of business, primarily for network rental services. Aetna believes that no such transaction occurring in the current calendar year or the five immediately preceding calendar years had an aggregate value in excess of 1% of Aetna's consolidated revenues for the calendar year in which the transaction occurred. Except as described in this proxy statement/prospectus, there are and have been no past, present or proposed material contracts, arrangements, understandings, relationships, negotiations or transactions during the current calendar year or the five immediately preceding calendar years, between Aetna or its affiliates, on the one hand, and Coventry or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, a tender offer for or other acquisition of securities, the election of directors, or the sale or other transfer of a material amount of assets.

### **Coventry Reasons for the Merger; Recommendation of the Coventry Board of Directors that Coventry Stockholders Adopt the Merger Agreement**

In evaluating the merger agreement and the merger, Coventry's board of directors consulted with Coventry's management and legal and financial advisors and, in reaching its decision to approve and adopt the merger agreement and to recommend that Coventry's stockholders vote for the adoption of the merger agreement, Coventry's board of directors considered a variety of factors, including the following:

the review of Coventry's business, strategy, current and projected financial condition, current earnings and earnings prospects, and the current and prospective regulatory environment for Coventry;

the risks and uncertainties associated with maintaining Coventry's existence as an independent company amid greater industry consolidation and compared to the opportunities presented by the merger;

the fact that the merger consideration consists primarily of cash, providing Coventry stockholders with certainty of value and liquidity upon completion of the merger, along with a significant stock component, which provides Coventry stockholders with the ability to participate in the future growth and earnings of the company resulting from the merger;

recent and historical market prices for Coventry common stock, as compared to the merger consideration, including the fact that the implied merger consideration of \$42.08 per share (based on the closing price of Aetna common shares on August 17, 2012, the last trading day prior to the announcement of the merger agreement) represents an approximate premium of:

20.4% over \$34.94, the closing price per share of Coventry's common stock on August 17, 2012;

30.2% over \$32.32, the closing price per share of Coventry's common stock on August 14, 2012, the last unaffected trading day prior to rumors of an Aetna-Coventry transaction;

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30.3% over the volume-weighted average closing price per share of Coventry's common stock over the 30 days ended August 14, 2012;

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31.6% over the volume-weighted average closing price per share of Coventry's common stock over the 90 days ended August 14, 2012; and

18.3% over \$35.57, the highest per share closing price of Coventry's common stock during the 52-week period ended August 14, 2012;

the Coventry board of directors' belief that the price per share of Coventry common stock was not likely to trade at or above the implied \$42.08 merger consideration in the foreseeable future, which belief was based on a number of factors, including:

the general risks of market conditions that could affect the price of Coventry common stock, as well as the other risks and uncertainties discussed in Coventry's public filings with the SEC;

the risks and uncertainty posed by the Affordable Care Act and related matters (including the Sebelius decision) and its and their effect on Coventry's business and operations, including the net impact of the non-deductible excise tax on health insurers beginning in 2014; potential efforts by Congress to repeal all or a portion of the Affordable Care Act; the effect of the outcome of the 2012 presidential election on the Affordable Care Act; and the possibility that one or more states may elect not to expand Medicaid coverage in light of the Sebelius decision;

the prospect of significant competition in the future for partners for strategic business transactions;

the possible succession difficulties posed by the potential near-term transition of Coventry's chief executive officer, Mr. Wise;

the cost to Coventry of investing in advances in technology;

the Coventry board of directors' review of other strategic alternatives for Coventry, including the Coventry board of directors' knowledge of Coventry's business, competitive position in the industry, financial condition and results of operations, on both historical and prospective bases, and of the probabilities potentially associated with achieving Coventry's long-term strategic plan as a stand-alone company as compared to the certainty of value and opportunity afforded to Coventry stockholders by way of the merger consideration. This included consideration of Coventry's footprint in Medicare Advantage and individual and small group capabilities; Coventry's ability to successfully identify, obtain, execute and integrate acquisition targets to supplement its membership growth and diversify its business; Coventry's ability to expand its business in light of significant capital requirements; and Coventry's likely success in responding to new regulatory directives; and

the inherent uncertainty of attaining management's internal financial projections, including the fact that Coventry's actual financial results in future periods could differ materially from the projected results; and

the opinion of Greenhill to the Coventry board of directors that, as of August 19, 2012, and based on and subject to the qualifications, limitations and assumptions set forth in that opinion, the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders, and the financial analyses related thereto prepared by Greenhill and described below under "Opinion of Coventry's Financial Advisor" beginning on page 73 of this proxy statement/prospectus;

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Coventry's board of directors' belief that it was preferable to negotiate on a confidential basis with Aetna rather than to conduct a private or public auction or sale process of Coventry, particularly in light of (1) the board of directors' belief, after consultation with Coventry's financial advisors, that undertaking such an auction or sale process was unlikely to lead to a superior bid because of regulatory capital requirements (in the case of potential private equity bidders) or significant antitrust issues, financial capacity limitations and/or existing acquisition commitments (in the case of the limited number of potential strategic acquirers) and could result in Aetna considering a lower price if Aetna

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participated in a sale process or in Aetna withdrawing its offer, and the fact that a failed effort to sell Coventry would be highly detrimental to Coventry, (2) the board's belief that, after considering a range of potential acquirers other than Aetna and, after consultation with Coventry's management and Coventry's financial and legal advisors, Aetna was best situated with respect to financial resources, degree of competitive overlap and current interest in a transaction with Coventry to engage in a transaction with a strong likelihood of obtaining antitrust and other required regulatory approvals without undue delay under applicable laws, (3) the fact that Coventry would be permitted, under circumstances described in the merger agreement, to provide information to and engage in discussions or negotiations with a third party that makes an unsolicited bona fide acquisition proposal, (4) the fact that Coventry would also be permitted, under circumstances described in the merger agreement, to terminate the merger agreement in order to enter into an agreement with respect to a superior proposal, as described under The Merger Agreement No Solicitation by Coventry beginning on page 107 of this proxy statement/prospectus, after giving Aetna an opportunity to match such offer and upon payment to Aetna of a termination fee of \$167.5 million, as described under The Merger Agreement Termination Fee and Expenses beginning on page 117 of this proxy statement/prospectus, and (5) the risk to Coventry's business in the future if competitively sensitive confidential information were disclosed to multiple potential acquirers;

the belief of Coventry's board of directors, based on advice of Coventry's management and financial advisers, that there is likely to be further consolidation in the managed care industry with a limited number of strategic buyers and that Coventry would be better positioned to maximize stockholder value by seeking partners for a business combination now, rather than at a time when consolidation has further reduced the number of available transaction partners;

the belief by the Coventry board that transactions completed by approximately mid-year 2013 would be in a better position to effectively plan for and compete under anticipated industry health reform changes, such as the Medicaid expansion and state healthcare exchanges scheduled to become effective January 1, 2014;

the fact that Coventry's legal and financial advisors were involved throughout the negotiations and updated the board directly and regularly, which provided the board with additional perspectives on the negotiations in addition to those of management;

the fact that Coventry's board of directors, through extensive, arms-length negotiation, was able to effectively obtain an increase in the merger consideration to \$42.00 from Aetna's initial proposal of \$35.00-37.00, as described under Background of the Merger beginning on page 62 of this proxy statement/prospectus;

Coventry's board of directors' assessment, after consultation with Greenhill and a review of Aetna's financing commitments and undrawn \$1.5 billion revolving credit facility, that Aetna will have adequate financial resources to pay the merger consideration, including the limited, and high likelihood of satisfaction of, conditions to the bridge loan commitment letter obtained by Aetna that is filed as an exhibit to the Current Report on Form 8-K filed by Aetna on August 22, 2012, and is referred to in this proxy statement/prospectus as the debt commitment letter, Aetna's representations and covenants contained in the merger agreement relating to such financing, and Coventry's board of directors' assessment, after consultation with the company's financial advisors, of Aetna's ability to obtain financing;

the fact that the merger will be subject to the approval of Coventry's stockholders and that, in this regard, Coventry's directors and executive officers do not own a significant enough interest in Coventry common stock, in the aggregate, to influence substantially the outcome of such stockholder vote; and

the fact that Coventry stockholders who do not vote to adopt the merger agreement and who follow certain prescribed procedures are entitled to appraisal rights under applicable law.

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Coventry's board of directors also specifically considered the following terms of the merger agreement:

the commitment by Aetna to obtain applicable regulatory approvals and assume the risks related to certain conditions and requirements imposed by regulators in connection with securing such approvals (provided that such conditions and requirements do not rise to the level of a defined Regulatory Material Adverse Effect as described under The Merger Agreement Reasonable Best Efforts Covenant beginning on page 109 of this proxy statement/prospectus, and the requirement to pay Coventry a reverse termination fee of \$450.0 million if Aetna failed to close because of a Regulatory Material Adverse Effect or because of a failure to appeal certain orders by a regulatory authority, which were substantial assurances that the merger ultimately should be completed on a timely basis;

the requirement to pay Aetna a termination fee of \$167.5 million (approximately 2.9% of the equity value of the transaction on August 17, 2012, and approximately 2.6% of the enterprise value of the transaction on August 17, 2012) if the basis for termination of the merger agreement is to enter into a definitive agreement relating to a superior proposal;

the absence of a financing condition, Aetna's representations, warranties and covenants related to obtaining the financing and the delivery by Aetna of letters setting forth the commitments and other arrangements regarding the bridge financing commitment available to Aetna to complete the transaction;

Coventry's ability to seek to specifically enforce Aetna's obligations under the merger agreement, including Aetna's obligations to complete the merger;

Coventry's ability, under circumstances described in the merger agreement, to provide information to and engage in discussions or negotiations with a third party that makes an unsolicited bona fide written acquisition proposal;

the ability of Coventry's board of directors, subject to certain conditions, to change its recommendation supporting the merger in response to an intervening event, regardless of the existence of a competing or superior acquisition proposal, if Coventry's board of directors determines that failure to take such action would be reasonably likely to be inconsistent with its fiduciary duties;

the customary nature of Coventry's other representations, warranties and covenants in the merger agreement; and

the fact that the financial and other terms and conditions of the merger agreement minimize, to the extent reasonably practical, the risk that a condition to completion would not be satisfied and also provide reasonable flexibility to operate Coventry's business between the signing of the merger agreement and completion of the merger.

In the course of its deliberations, Coventry's board of directors also considered a variety of risks and other potentially negative factors, including the following:

the fact that Coventry engaged in exclusive negotiations with Aetna regarding a potential transaction rather than conducting a private or public auction or sale process of Coventry;

the fact that completion of the merger, and the lower percentage of the outstanding capital stock of the combined Aetna-Coventry business represented by former Coventry stockholders as a result of the merger, will provide Coventry stockholders with less of an opportunity to participate in Coventry's future earnings growth and the future appreciation of the value of its capital stock than would



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be anticipated if Coventry were to remain a stand-alone entity and its strategic plan were successfully implemented;

the fact that the fixed exchange ratio for the stock portion of the merger consideration, coupled with the risk that an extended period of time will be required to obtain required regulatory approvals, may result in risk that the value of the merger consideration at completion could be less than at the time the merger agreement was approved by Coventry's board of directors or at the time of the Coventry stockholders' meeting;

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the deal protection measures in the merger agreement, including the fact that in order to terminate the merger agreement in order to enter into a definitive agreement relating to a superior proposal, Coventry must pay Aetna a termination fee of \$167.5 million (with no go-shop period or reduced fee if the superior proposal is submitted in a certain amount of time after execution of the merger agreement). After discussing this termination fee with its advisors, Coventry's board of directors believed that the termination fee was at the lower end of the range for such fees in similar transactions and, based upon the advice of its advisors, believed that such fee should not be preclusive of competing offers following the announcement of the transaction;

the fact that certain of Coventry's directors and executive officers may receive certain benefits that are different from, and in addition to, those of Coventry's other stockholders (see Interests of Certain Persons in the Merger beginning on page 120 of this proxy statement/prospectus);

the fact that Coventry has incurred and will continue to incur significant transaction costs and expenses in connection with the proposed transaction, regardless of whether the merger is completed;

the risk that the merger may not be completed despite the parties' efforts or that completion of the merger may be unduly delayed, even if the requisite approval is obtained from Coventry stockholders, including the possibility that conditions to the parties' obligations to complete the merger may not be satisfied, and the potential resulting disruptions to Coventry's business;

the potential negative effect of the pendency of the merger on Coventry's business and relationships with employees, customers, providers, vendors, regulators and the communities in which it operates, including the risk that certain key members of senior management might choose not to remain employed with Coventry prior to completion of the merger, regardless of completion of the merger;

the fact that Coventry's operations will be restricted by interim operating covenants under the merger agreement during the period between signing the merger agreement and completion of the merger, which could effectively prohibit Coventry from undertaking material strategic initiatives or other material transactions to the detriment of Coventry and its stockholders; and

the fact that the merger consideration will be taxable to Coventry's stockholders.

After considering the foregoing potentially negative and potentially positive factors, Coventry's board of directors concluded that the potentially positive factors relating to the merger agreement and the merger substantially outweighed the potentially negative factors.

The foregoing discussion of the information and factors considered by Coventry's board of directors is not exhaustive but is intended to reflect the material factors considered by Coventry's board of directors in its consideration of the merger agreement and the merger. In view of the complexity, and the large number, of the factors considered, Coventry's board of directors, individually and collectively, did not quantify or assign any relative or specific weight to the various factors. Rather, Coventry's board of directors based its recommendation on the totality of the information presented to and considered by it. In addition, individual members of Coventry's board of directors may have given different weights to different factors.

The foregoing discussion of the information and factors considered by Coventry's board of directors is forward-looking in nature. This information should be read in light of the factors described under the section entitled Cautionary Statement Regarding Forward-Looking Statements beginning on page 53 of this proxy statement/prospectus.

After careful consideration, Coventry's board of directors unanimously determined that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable for, fair to and in the best interests of Coventry and its stockholders, and unanimously declared advisable and in all respects approved and adopted the terms of the merger agreement, the merger and the other transactions contemplated by the merger agreement.

**COVENTRY'S BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT.**



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### **Aetna Reasons for the Merger**

Aetna believes that the acquisition of Coventry will complement its competitive strategy, which is built on a diversified set of core and emerging businesses that enable it to pursue profitable growth across a range of opportunities and lead the transformation of the approximately \$2.2 trillion healthcare industry. The acquisition of Coventry and the combination of its businesses with Aetna's existing businesses is expected to result in a number of strategic benefits, including:

***Form Leading Medicare Advantage Franchise.*** Aetna believes Coventry's strength in individual Medicare Advantage and Medicare Part D programs will complement Aetna's group Medicare Advantage business and enhance Aetna's Medicare Part D membership. By enhancing Aetna's presence in important local geographies—particularly in the Mid-Atlantic and Midwest—and providing additional opportunities to further grow membership in areas where Aetna and Coventry do not overlap, Aetna expects the merger to allow it to more effectively serve this fast-growing sector.

***Expand Medicaid Footprint; Balance Overall Portfolio.*** By improving Aetna's Medicaid footprint, the merger is expected to create more opportunity to participate in the expansion of Medicaid and pursue high-acuity populations as they move into managed care. Aetna expects its pro forma Medicaid footprint will cover 14 states (including four new states) where over one-third of all Medicaid and dual eligibles (individuals who qualify for Medicare and Medicaid) reside. Aetna believes the addition of Coventry's government business will further balance Aetna's overall portfolio.

***Local Hospital and Physician Relationships.*** Coventry has strong local hospital and physician relationships and presence in geographies where Aetna desires to improve (or expand) its network and introduce its new Accountable Care Solutions model. The merger also is expected to provide marketing opportunities for Aetna's industry-leading provider solutions technology suite (Medicity/iNexx/ActiveHealth).

***Consumer Exchanges.*** Coventry's local focus, particularly in the small group and individual businesses, where it has a low-cost operating model and affordable products, is expected to complement Aetna's health information technology capabilities and accelerate Aetna's readiness for the new world of consumer exchanges that are expected to take effect in 2014.

***Increase Operating Efficiency.*** The transaction is expected to create a significant opportunity to increase Aetna's operating efficiency by spreading Aetna's operating costs across a larger membership base. Acquiring Coventry is expected to provide additional opportunities to find administrative cost savings, as well as network and medical management savings. These cost synergies are expected to enable Aetna to offer all its customers—particularly consumers in the new exchange marketplace—more affordable products and services. Although Aetna management expects that cost savings will result from the merger, there can be no assurance that any particular amount of cost savings will be achieved following completion of the merger or the time frame in which they will be achieved. See **Cautionary Statement Regarding Forward-Looking Statements** and **Risk Factors**. After completion of the merger, Aetna may fail to realize the anticipated benefits and cost savings of the merger, which could adversely affect the value of Aetna common shares—beginning on pages 53 and 45, respectively, of this proxy statement/prospectus.

***Improve Investment Capability.*** Coventry's capital base is expected to enhance Aetna's ability to continue to acquire new capabilities and businesses and to invest in innovative technologies and new ways to do business.

### **Opinion of Coventry's Financial Advisor**

#### ***General***

Greenhill has acted as financial advisor to the Coventry board of directors in connection with the merger. On August 19, 2012, Greenhill delivered its oral opinion, which was subsequently confirmed in writing, to the



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Coventry board of directors that, as of the date of the opinion and based on and subject to the qualifications, limitations and assumptions stated in that opinion, the merger consideration to be received by the holders of shares of Coventry common stock pursuant to the merger agreement was fair, from a financial point of view, to such holders.

The full text of Greenhill's written opinion dated August 19, 2012, which contains the assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Annex B to this proxy statement/prospectus and is incorporated herein by reference. The summary of Greenhill's opinion that follows is qualified in its entirety by reference to the full text of the opinion. You are urged to read the opinion in its entirety.

In arriving at its opinion, Greenhill, among other things:

reviewed the draft of the merger agreement dated August 18, 2012, and certain related documents;

reviewed certain publicly available financial statements of Coventry and Aetna;

reviewed certain other publicly available business and financial information relating to Coventry and Aetna that Greenhill deemed relevant;

reviewed certain information, including financial forecasts and other financial and operating data concerning Coventry prepared by the management of Coventry, referred to in this proxy statement/prospectus as the Coventry forecasts and described under Proposal I: The Merger Coventry Unaudited Prospective Financial Information beginning on page 83 of this proxy statement/prospectus;

reviewed certain publicly available forecasts of future performance concerning Aetna prepared and published by analysts at Morgan Stanley, referred to in this proxy statement/prospectus as the Aetna analyst forecasts, discussed the Aetna analyst forecasts with senior executives of Aetna and discussed with the management of Coventry adjustments to the Aetna analyst forecasts to reflect the net impact of the non-deductible excise tax on health insurers beginning in 2014;

discussed the past and present operations and financial condition and the prospects of Coventry with senior executives of Coventry;

discussed the past and present operations and financial condition and the prospects of Aetna with senior executives of Aetna;

reviewed the historical market prices and trading activity for the Coventry common stock and the Aetna common shares and analyzed their respective implied valuation multiples and compared this data to historical market prices and trading activity for certain other publicly traded companies that Greenhill deemed relevant;

compared the value of the merger consideration with that received in certain transactions where information is publicly available and that Greenhill deemed relevant;

compared the value of the merger consideration with the trading valuations of certain publicly traded companies that Greenhill deemed relevant;

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compared the value of the merger consideration to the valuation derived from certain sum-of-the-parts trading analyses of Coventry based on a number of metrics that Greenhill deemed relevant;

compared the value of the merger consideration to the valuation derived by discounting future cash flows and a terminal value of Coventry at discount rates that Greenhill deemed appropriate;

participated in discussions and negotiations among representatives of Coventry and its legal advisors and representatives of Aetna and its legal and financial advisors in connection with the negotiation of the merger agreement and due diligence investigations undertaken by Coventry and Aetna; and

performed such other analyses and considered such other factors as Greenhill deemed appropriate.

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Greenhill's written opinion was addressed to the Coventry board of directors. It was not a recommendation to the Coventry board of directors as to whether it should approve the merger or the merger agreement, nor does it constitute a recommendation as to whether the stockholders of Coventry should approve the merger at any meeting of the stockholders convened in connection with the merger. Greenhill was not requested to opine as to, and its opinion does not in any manner address, the underlying business decision to proceed with or effect the merger. Greenhill has not expressed any opinion as to any aspect of the transactions contemplated by the merger agreement other than the fairness, from a financial point of view, as of August 19, 2012, of the merger consideration to be received by the holders of Coventry common stock pursuant to the merger agreement. Greenhill's opinion did not address in any manner the price at which Aetna common shares will trade at any future time. Greenhill's opinion did not address the amount or nature of any compensation to any officers, directors or employees of Coventry, or any class of such persons relative to the merger consideration to be received by the holders of Coventry common stock or with respect to the fairness of any such compensation.

In conducting its review and analysis and rendering its opinion, Greenhill assumed and relied on, with the consent of the Coventry board of directors and without independent verification, the accuracy and completeness in all material respects of the information publicly available, supplied or otherwise made available to it by representatives and management of Coventry and Aetna for the purposes of its opinion and further relied on the assurances of representatives and management of Coventry and Aetna, as applicable, that they were not aware of any facts or circumstances that would make such information inaccurate or misleading in any material respect. With respect to the Coventry forecasts and other data that have been furnished or otherwise provided to Greenhill, Greenhill was advised by Coventry and assumed, with the consent of Coventry, that the Coventry forecasts and other data were reasonably prepared on a basis reflecting the best currently available estimates and good faith judgments of the management of Coventry as to those matters, and Greenhill considered and relied on the Coventry forecasts and other data in arriving at its opinion.

Aetna did not provide Greenhill with internally prepared forecasts, analyses or estimates and did not endorse the Aetna analyst forecasts or any other publicly available forecasts relating to the business and financial prospects of Aetna. Aetna did, however, participate in a discussion with Greenhill regarding Aetna's future business and financial prospects in which Aetna's management responded to questions Greenhill posed based on the Aetna analyst forecasts and commented on the future business and financial prospects of Aetna. Aetna's management did not indicate that the Aetna analyst forecasts differed materially from Aetna's internal forecasts. On the basis of the foregoing and with the consent of Coventry's board of directors, Greenhill assumed that the Aetna analyst forecasts (as adjusted to reflect the net impact of the non-deductible excise tax on health insurers beginning in 2014) were a reasonable basis on which to evaluate the business and financial prospects of Aetna, and Greenhill used the Aetna analyst forecasts (as so adjusted) for purposes of its analysis and opinion. Greenhill did not express an opinion with respect to such forecasts, projections and other data or the assumptions on which they are based.

Greenhill did not make any independent evaluation or appraisal of the assets or liabilities of Coventry or Aetna, nor was Greenhill furnished with any such evaluations or appraisals. Greenhill assumed that the merger will be completed in accordance with the terms set forth in the final, executed merger agreement, which Greenhill further assumed, with the Coventry board of directors' consent, was identical in all material respects to the latest draft thereof that Greenhill reviewed, and without any adverse waiver or amendment of any material terms or conditions set forth in the merger agreement. Greenhill further assumed that all governmental, regulatory and other consents and approvals necessary for completion of the merger will be obtained without any material adverse effect, in any way meaningful to Greenhill's analysis, on Coventry or Aetna, including in each case, the publicly announced projected synergies of \$400 million in 2015.

Greenhill's opinion is necessarily based on financial, economic, market and other conditions as in effect on, and the information made available to it as of, the date of its opinion. It should be understood that subsequent developments may affect Greenhill's opinion, and Greenhill does not have any obligation to update, revise or reaffirm its opinion.



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The following is a summary of the material financial and comparative analyses provided by Greenhill to the Coventry board of directors in connection with rendering its opinion described above. The summary set forth below does not purport to be a complete description of the analyses performed by Greenhill, nor does the order of analyses described represent relative importance or weight given to those analyses by Greenhill. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are not alone a complete description of Greenhill's analyses. In performing several of the analyses, Greenhill has used an implied consideration value of \$42.08 per share of Coventry common stock to account for both the cash and stock components of the merger consideration (using the closing stock price of \$38.04 per Aetna common share as reported on the New York Stock Exchange on August 17, 2012). In deciding to use Aetna's August 17, 2012, closing stock price of \$38.04 per Aetna common share, as reported on the New York Stock Exchange, for purposes of calculating the implied value of the merger consideration, Greenhill took into account the Aetna analyst forecasts and other information it deemed appropriate, including, but not limited to, Aetna's historical trading prices and multiples based on Institutional Brokerage Estimate System (which is referred to in this proxy statement/prospectus as IBES) consensus estimates. For purpose of its analyses described below, Greenhill assumed that as of June 30, 2012, Coventry had (i) gross debt of \$1,585 million, (ii) unregulated cash and investments of \$936 million and (iii) a fully diluted share count based on 134 million shares outstanding plus 8.6 million options outstanding at a weighted average strike price of \$37.18.

***Selected Company Analysis***

Greenhill compared selected financial information, ratios and multiples for Coventry to the corresponding data for the following publicly traded companies selected by Greenhill:

*Diversified/Commercial Companies:*

Aetna Inc.

Cigna Corporation

Health Net, Inc.

UnitedHealth Group Incorporated

WellPoint, Inc.

*Medicare Advantage Companies:*

Humana Inc.

Universal American Corp.

*Medicaid Companies:*

Amerigroup Corporation(1)

Centene Corporation

Molina Healthcare, Inc.

WellCare Health Plans, Inc.

(1) Excluded from averages given pending acquisition by WellPoint.

Although none of the selected companies is directly comparable to Coventry, Greenhill chose these companies because they are publicly traded companies in the managed care industry with operations that, for purposes of Greenhill's analysis, may be considered similar or reasonably comparable to the operations of Coventry. However, because of the inherent differences between the business, operations and prospects of Coventry and those of the selected companies, Greenhill believed that it was inappropriate to, and therefore did

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not, rely solely on the numerical results of the selected company analysis. Accordingly, Greenhill also made qualitative judgments concerning differences between the business, financial and operating characteristics and prospects of Coventry and the selected companies that could affect the public trading values of each in order to provide a context in which to consider the results of the quantitative analysis. These qualitative judgments related primarily to the differing sizes, growth prospects, revenue mix, profitability levels and degree of operational risk between Coventry and the companies included in the selected company analysis. Greenhill also made judgments as to the relative comparability of the various valuation parameters with respect to those companies.

For each of the selected companies, Greenhill reviewed, among other information, the ratio of equity value to estimated net income for calendar years 2012 and 2013. For purposes of these calculations, Greenhill utilized an equity value for each company derived by multiplying the number of fully diluted outstanding shares of that company as reported in its most recent SEC filings by the company's common stock closing share price on August 17, 2012. Greenhill compared financial information and calculated such ratios with respect to the selected companies and Coventry based on information it obtained from public filings for historical information and consensus estimates as provided by IBES for forecasted information.

Greenhill then calculated the implied price per share of Coventry common stock by applying relevant multiple ranges using Coventry's estimated 2012 and 2013 net income (based on both IBES consensus estimates and the Coventry forecasts). Based on its professional judgment and experience in the managed care industry, Greenhill used multiple ranges of 8.0x to 12.0x for 2012 and 7.5x to 10.5x for 2013. This analysis implied the ranges of prices per share of Coventry common stock set forth below:

<b>Equity Value/Net Income Multiple</b>	<b>Implied Price Per Share</b>
8.0x to 12.0x 2012 Estimated Net Income (IBES)	\$ 22.74 - \$33.93
8.0x to 12.0x 2012 Estimated Net Income (Coventry Forecasts)	\$ 22.35 - \$33.35
7.5x to 10.5x 2013 Estimated Net Income (IBES)	\$ 24.02 - \$33.48
7.5x to 10.5x 2013 Estimated Net Income (Coventry Forecasts)	\$ 26.89 - \$37.42

To determine the prices per share reflected above, Greenhill assumed that Coventry's net income for 2012 excluded \$84.2 million related to the release of Medicare Advantage Risk Adjustment Data Validation audit reserves as a result of recent Centers for Medicare & Medicaid Services audit methodology changes in the first fiscal quarter of 2012 as well as other non-recurring items. Greenhill compared this range of implied prices per share to the implied value of the merger consideration.

**Discounted Cash Flow Analysis**

Greenhill performed a discounted cash flow analysis of Coventry on a standalone basis using the Coventry forecasts for the second half of 2012 and calendar years 2013 through 2015. Greenhill calculated a range of implied present values of the standalone, unlevered, after-tax free cash flows that Coventry was forecasted to generate from July 1, 2012 through December 31, 2015 using discount rates ranging from 7.5% to 9.5%, reflecting an estimate of Coventry's weighted average cost of capital, which is referred to in this proxy statement/prospectus as WACC, of 8.6%. Greenhill calculated the WACC based on the calculation of unlevered adjusted beta (which was based on an analysis of the selected companies betas and capital structures), equity risk premium, size-based risk premium, risk free rate, cost of debt, tax rate and capital structure. Greenhill also calculated estimated terminal values for Coventry, as of December 31, 2015, using terminal multiples ranging from 9.0x to 11.0x estimated unlevered net operating profit after taxes for calendar year 2015. The estimated terminal values were then discounted to present value as of June 30, 2012, using discount rates ranging between 7.5% to 9.5%. Greenhill then added the net present values of the standalone, unlevered, after-tax free cash flows for the second half of 2012 and calendar years 2013 through 2015 to the present value of the terminal value, in each case discounted to June 30, 2012, to derive a range of implied enterprise values. Greenhill then calculated a range of present values per share of Coventry common stock by subtracting Coventry's net debt amount (consisting of gross debt less unregulated cash and investments) as of June 30, 2012, from the range of implied

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enterprise values that it derived for Coventry, and divided the results by the number of fully diluted shares of Coventry common stock as of June 30, 2012. The discounted cash flow analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$37.00 to \$46.02 per share. Greenhill compared this range of implied per share prices to the implied value of the merger consideration.

**Sum-of-the-Parts Analysis**

Greenhill performed a sum-of-the-parts analysis of Coventry based on the sum of hypothetical standalone trading valuations for each of Coventry's lines of business. The following table reflects the range of multiples and valuations Greenhill attributed to Coventry's various lines of business based on the line of business EBITDA forecasts provided by Coventry's management and Greenhill's own judgment and experience:

	2013E EBITDA (in millions)	EBITDA Multiple		Implied Value	
		Low	High	Low	High
Medicare (includes Medicare Advantage and Medicare Part D)	\$ 344	5.0x	6.5x	\$ 1,721	\$ 2,237
Medicaid	92	7.0x	8.0x	645	738
Commercial Risk, ASO & Other	475	5.0x	6.0x	2,373	2,847
Workers' Comp Services & Network Rental	119	6.0x	8.0x	713	951

(1) Figures may not be exactly reconcilable as presented due to rounding.

Greenhill then used the implied enterprise values of such lines of business, together with Coventry's net debt amount (consisting of gross debt less unregulated cash and investments) as of June 30, 2012, to imply a range of equity valuations for Coventry. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$35.56 to \$45.05. Greenhill compared this range to the implied value of the merger consideration.

Greenhill also performed a sum-of-the-parts analysis of Coventry based on the sum of hypothetical per member equity values for each category of Coventry's members. Greenhill attributed a per member valuation to each category of members based on Greenhill's own judgment and experience and then used the June 30, 2012, membership numbers provided by Coventry to ascertain an implied value for each category of members. The following table reflects such equity values per member and the corresponding implied valuation ranges for each category of members:

	6/30/12 Membership (in thousands)	Equity Value Per Member		Implied Value	
		Low	High	Low	High
Commercial Risk	1,519	\$ 550	\$ 750	\$ 835	\$ 1,139
Medicare Advantage	253	5,000	7,500	1,265	1,898
Medicare Part D	1,494	350	500	523	747
Medicaid	775(b)	550	750	426	581
ASO (includes Commercial ASO and National ASO members)	1,083	250	300	271	325
Workers' Comp Services & Network Rental(a)				713	951

(a) Implied value based on EBITDA valuation as presented in the previous chart.

(b) Excludes Kansas membership.

Greenhill then used such implied values for each category of members to imply a range of equity values for Coventry. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$29.97 to \$41.59. Greenhill compared this range to the implied value of the merger consideration.



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Greenhill performed an analysis of selected precedent change-in-control transactions since 2000 involving managed care organizations that in Greenhill's judgment were relevant for its analysis. The following table identifies the 13 transactions reviewed by Greenhill in this analysis:

<b>Announcement Date</b>	<b>Target</b>	<b>Acquiror</b>
July 2012	Amerigroup Corporation	WellPoint, Inc.
October 2011	HealthSpring, Inc.	Cigna Corporation
<b>March 2007</b>	<b>Sierra Health Services, Inc.</b>	<b>UnitedHealth Group Incorporated</b>
<b>September 2005</b>	<b>WellChoice, Inc.</b>	<b>WellPoint, Inc.</b>
<b>July 2005</b>	<b>PacifiCare Health Systems, Inc.</b>	<b>UnitedHealth Group Incorporated</b>
<b>October 2004</b>	<b>First Health Group Corp.</b>	<b>Coventry Health Care, Inc.</b>
September 2004	American Medical Security Group, Inc.	PacifiCare Health Systems, Inc.
<b>April 2004</b>	<b>Oxford Health Plans, Inc.</b>	<b>UnitedHealth Group Incorporated</b>
<b>October 2003</b>	<b>Mid Atlantic Medical Services, Inc.</b>	<b>UnitedHealth Group Incorporated</b>
October 2003	WellPoint, Inc.	Anthem, Inc.
June 2003	Cobalt Corporation	WellPoint, Inc.
April 2002	Trigon Healthcare, Inc.	Anthem, Inc.
October 2001	RightCHOICE Managed Care, Inc.	WellPoint, Inc.

Greenhill identified from these 13 transactions a subset of six core precedent transactions that Greenhill chose based on, among other things, the similarity of the applicable target companies in the transactions to Coventry with respect to the size, growth, revenue mix, profitability, degree of operational risk and other characteristics of their businesses. The core precedent transactions are identified in boldface font above.

Although Greenhill analyzed the multiples implied by the precedent transactions, none of these transactions or associated companies is identical to the merger or to Coventry. The reasons for, and the circumstances surrounding, each of the precedent transactions analyzed were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Coventry and the companies included in the precedent transaction analysis. Accordingly, Greenhill believed that a purely quantitative selected precedent transaction analysis would not be particularly meaningful in the context of considering the merger. Greenhill, therefore, made qualitative judgments concerning differences between the characteristics of the selected precedent transactions and the merger which would affect the acquisition values of the selected target companies and Coventry. As part of these judgments, Greenhill observed that most of the selected transactions (and all of the core precedent transactions) occurred in 2007 or earlier, when the managed care industry was less mature and sector multiples were generally higher than the date of its opinion. Greenhill also observed that the two most recent selected transactions involved target companies focused almost exclusively on the government-sponsored segment of managed care, and therefore were not directly comparable to Coventry given the inherent differences between the business, operations, financial conditions and prospects of Coventry and those targets.

Using publicly available information for these transactions, Greenhill reviewed the consideration paid in each such transaction and analyzed the equity value implied by such consideration as a multiple of both next twelve months, which is referred to in this proxy statement/prospectus as NTM, net income and last twelve months, which is referred to in this proxy statement/prospectus as LTM, net income. The following table summarizes the reference range of valuation multiples for all precedent transactions and the core precedent transactions Greenhill derived from the precedent transactions:

<b>Valuation Multiple</b>	<b>All Precedent Transactions</b>	<b>Core Precedent Transactions</b>
Median Equity Value to NTM Net Income	18.4x	16.9x
Mean Equity Value to NTM Net Income	17.4x	16.7x
Median Equity Value to LTM Net Income	18.8x	18.5x
Mean Equity Value to LTM Net Income	21.0x	18.5x

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Based on its professional judgment and experience in the managed care industry, and following these analyses and consistent with the concept of comparing the standalone valuation of Coventry relative to the implied value of the merger consideration, Greenhill applied a 13.5x to 17.0x multiple to Coventry's estimated net income for the next twelve-month period beginning June 30, 2012, based on IBES consensus estimates, which resulted in a reference range of implied price per share of Coventry common stock of approximately \$39.81 to \$49.81. Greenhill applied the same 13.5x to 17.0x multiple to Coventry's estimated net income for the next twelve-month period beginning June 30, 2012, based on the Coventry forecasts, which resulted in a reference range of implied price per share of Coventry common stock of approximately \$43.58 to \$54.48. Lastly, Greenhill applied a 15.0x to 18.0x multiple to Coventry's net income for the last twelve-month period ending June 30, 2012 (excluding \$84.2 million related to the release of Medicare Advantage Risk Adjustment Data Validation audit reserves as a result of recent Centers for Medicare & Medicaid Services audit methodology changes release in the first fiscal quarter of 2012 as well other non-recurring items), which resulted in a reference range of implied price per share of Coventry common stock of approximately \$42.71 to \$50.99. Greenhill compared these ranges to the implied value of the merger consideration.

***Premiums Paid Analyses***

*General M&A Transactions.* Greenhill reviewed publicly available data from 90 pending and completed change-in-control transactions (excluding mergers of equals) involving U.S. listed target companies announced since January 1, 2009, with transaction values between \$3 billion and \$10 billion. Specifically, Greenhill reviewed the premiums represented by the acquisition price per share compared to the closing share price of the target company one day and one calendar month prior to announcement. The reasons for and the circumstances surrounding each of the transactions analyzed in the premiums paid analysis were diverse and there are inherent differences in the business, operations, financial conditions and prospects of Coventry and the companies included in the premiums paid analysis.

For these transactions, Greenhill observed that the median premium over the closing price of the target one day prior to the announcement was 26.1% and the median premium over the closing price of the target one calendar month prior to announcement was 32.2%.

Greenhill then selected a representative range of premiums from 25.0% to 35.0% and applied this range of premiums to (i) the closing price per share of Coventry common stock on August 14, 2012, the last trading day prior to market rumors of a potentially imminent large managed care organization transaction, referred to in this proxy statement/prospectus as the unaffected price date, and (ii) the closing price per share of Coventry common stock one calendar month prior to the unaffected price date. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$40.20 to \$43.63. Greenhill compared this range to the implied value of the merger consideration.

*Precedent Healthcare Services Transactions.* Greenhill performed an analysis of the premiums paid in a subset of the general M&A transactions discussed above which involved target companies in the healthcare services industry that in Greenhill's judgment were relevant for its analysis. Although Greenhill analyzed the premiums implied by the selected transactions, none of these transactions or associated companies is identical to the merger or to Coventry.

Using publicly available information at the time of the announcement of the relevant transaction from third-party transaction databases, Greenhill reviewed the consideration paid in the transactions and analyzed the premium of each such transaction over the trading price on the last trading day before the announcement of the applicable transaction and the trading price one calendar month before the announcement of the applicable transaction. Where applicable, and in situations where abnormal price movements prior to announcement are specifically noted in a target's proxy statement, the premiums calculated were based on the closing share prices of the target one day or one month prior to an affected date (rather than the applicable announcement date).

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The following table identifies the nine healthcare services industry transactions reviewed by Greenhill in this analysis:

<b>Announcement Date</b>	<b>Target</b>	<b>Acquiror</b>
July 2012	Amerigroup Corporation	WellPoint, Inc.
July 2012	Lincare Holdings Inc.	Linde AG
<b>April 2012</b>	<b>Catalyst Health Solutions, Inc.</b>	<b>SXC Health Solutions Corp.</b>
October 2011	HealthSpring, Inc.	Cigna Corporation
October 2011	Pharmaceutical Product Development, Inc.	Carlyle / Hellman & Friedman LLC
August 2011	Emdeon Inc.	Blackstone / Hellman & Friedman LLC
February 2011	Emergency Medical Services Corporation	Clayton, Dubilier & Rice, LLC
May 2010	Psychiatric Solutions, Inc.	Universal Health Services, Inc.
November 2009	IMS Health Incorporated	CPP Investment Board / Leonard Green / TPG

For these transactions, Greenhill observed that the median premium over the closing share price of the target one day prior to announcement (or the affected date) was 41.2% and the median premium over the closing share price of the target one calendar month prior to announcement (or the affected date) was 43.5%. Greenhill observed that in all but one of the nine healthcare services industry transactions, the consideration to be received by target stockholders was 100% cash. The one transaction with stock consideration is identified in boldface font above.

Greenhill then selected a representative range of premiums from 40.0% to 45.0% and applied this range of premiums to (i) the closing price per share of Coventry common stock on the unaffected price date and (ii) the closing price per share of Coventry common stock one calendar month prior the unaffected price date. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$45.02 to \$46.86. Greenhill compared this range to the implied value of the merger consideration.

*Precedent Managed Care Transactions.* Greenhill also performed an analysis of the premiums paid in the core precedent transactions discussed above under Precedent Transaction Analysis. Although Greenhill analyzed the premiums implied by the selected transactions, none of these transactions or associated companies is identical to the merger or to Coventry.

For these transactions, Greenhill observed that the median premium to the closing share price of the target one calendar month prior to announcement was 22.1%.

Greenhill then selected a representative range of premiums from 20% to 30.0% and applied this range of premiums to the closing price per share of Coventry common stock one calendar month prior to the unaffected price date. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$38.59 to \$41.81. Greenhill compared this range to the implied value of the merger consideration.

Greenhill also analyzed the premiums paid in another subset of the precedent transactions discussed above under Precedent Transaction Analysis that in Greenhill's judgment were relevant for its analysis to a hypothetical managed care industry trading multiple as of the announcement date of each such precedent transaction. Although Greenhill analyzed the premiums implied by the selected precedent transactions, none of these transactions or associated companies is identical to the merger or to Coventry.

The following table identifies the eight precedent transactions reviewed by Greenhill in this analysis:

<b>Announcement Date</b>	<b>Target Name</b>	<b>Acquiror Name</b>
July 2012	Amerigroup Corporation	WellPoint, Inc.
October 2011	HealthSpring, Inc.	Cigna Corporation
March 2007	Sierra Health Services, Inc.	UnitedHealth Group Incorporated
September 2005	WellChoice, Inc.	WellPoint, Inc.
July 2005	PacifiCare Health Systems, Inc.	UnitedHealth Group Incorporated
October 2004	First Health Group Corp.	Coventry Health Care, Inc.
April 2004	Oxford Health Plans, Inc.	UnitedHealth Group Incorporated
October 2003	Mid Atlantic Medical Services, Inc.	UnitedHealth Group Incorporated





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Greenhill then selected a representative range of premiums from 25.0% to 45.0% and applied this range of premiums to the median trading multiple of equity value to estimated net income for calendar year 2012 of the publicly traded Diversified/Commercial Companies discussed above under Selected Company Analysis (inclusive of Coventry), based on each company's common stock closing share price on August 17, 2012. This analysis resulted in a reference range of implied price per share of Coventry common stock of approximately \$32.93 to \$38.07. Greenhill compared this range to the implied value of the merger consideration.

**Historical Stock Trading Analysis**

Greenhill reviewed the historical trading price per share of Coventry common stock. In addition, Greenhill calculated the implied premium represented by the merger consideration relative to the following:

the closing sale price per share of Coventry common stock on the unaffected price date;

the closing sale price per share of Coventry common stock one week and one month prior to the unaffected price date;

the highest closing sale price per share of Coventry common stock during the 52-week period ended on the unaffected price date;

the average closing sale price per share of Coventry common stock during each of the 5-trading day, 10-trading day and 20-trading day periods ended on the unaffected price date; and

each of the 30-day and 90-day volume-weighted average price per share, or VWAP, of Coventry common stock as of the unaffected price date.

The results of these calculations and reference points are summarized in the following table:

	Price Per Share	Premium
Closing Price on the Unaffected Price Date	\$ 32.32	30.2%
Closing Price One-Week Prior to the Unaffected Price Date	32.32	30.2
Closing Price One-Month Prior to the Unaffected Price Date	32.16	30.8
52-Week High Prior to the Unaffected Price Date	35.57	18.3
5-Trading Day Average (8/8/12 - 8/14/12)	32.41	29.8
10-Trading Day Average (8/1/12 - 8/14/12)	32.34	30.1
20-Trading Day Average (7/18/12 - 8/14/12)	32.32	30.2
30 Day VWAP (7/13/12 - 8/14/12)	32.30	30.3
90 Day VWAP (5/16/12 - 8/14/12)	31.98	31.6

**Other Considerations**

The summary set forth above does not purport to be a complete description of the analyses performed by Greenhill, but simply describes, in summary form, the material analyses that Greenhill conducted in connection with rendering its opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. In arriving at its opinion, Greenhill did not attribute any particular weight to any analyses or factors considered by it and did not form an opinion as to whether any individual analysis or factor, considered in isolation, supported or failed to support its opinion. Rather, Greenhill considered the totality of the factors and analyses performed in determining its opinion. Accordingly, Greenhill believes that the summary set forth above and its analyses must be considered as a whole and that selecting portions thereof, without considering all of its analyses, could create an incomplete view of the processes underlying its analyses and opinion. Greenhill based its analyses on assumptions that it deemed reasonable, including assumptions concerning general business and economic conditions and industry-specific factors. Analyses based on forecasts or projections of future results are inherently uncertain, as they are subject to numerous factors or events beyond the control of the parties or their advisors. Accordingly, Greenhill's analyses are not necessarily indicative of actual values or actual future results that might be achieved, which values may



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be higher or lower than those indicated. Moreover, Greenhill's analyses are not and do not purport to be appraisals or otherwise reflective of the prices at which businesses actually could be bought or sold. In addition, no company or transaction used in Greenhill's analysis as a comparison is directly comparable to Coventry or the contemplated merger. Because these analyses are inherently subject to uncertainty, being based on numerous factors or events beyond the control of the parties or their respective advisors, neither Coventry nor any other person assumes responsibility if future results are materially different from those forecasts or projections.

The merger consideration was determined through arms-length negotiations between Coventry and Aetna and was approved by the Coventry board of directors. Greenhill provided advice to Coventry's board during these negotiations. Greenhill did not, however, recommend any specific amount of consideration to Coventry or the Coventry board of directors or that any specific amount of consideration constituted the only appropriate consideration for the merger. Greenhill's opinion did not in any manner address the underlying business decision to proceed with or effect the merger. Greenhill was not requested to and did not solicit any expressions of interest from any other parties with respect to the sale of Coventry or any alternative transaction.

The Coventry board of directors retained Greenhill based on its qualifications and expertise in providing financial advice and on its reputation as a nationally recognized investment banking firm. During the two years preceding the date of this opinion, Greenhill has not been engaged by, performed any services for or received any compensation from Coventry, Aetna or Merger Sub, other than (i) amounts that were paid to it under the letter agreement pursuant to which Greenhill was retained as a financial advisor to Coventry in connection with the merger, (ii) services performed for Coventry in connection with two other potential transactions, for which Greenhill did not receive any compensation from Coventry (other than reimbursement for its out-of-pocket expenses) and (iii) services performed for Aetna in connection with Aetna's acquisition of Medicity Inc., completed January 2011, for which Aetna paid Greenhill a transaction fee of \$4,000,000 and reimbursed certain of its out-of-pocket expenses.

Coventry has agreed to pay Greenhill a transaction fee which is estimated (as of August 19, 2012) to be approximately \$29,250,000, of which approximately \$3,650,000 was paid in connection with delivery of the opinion and announcement of the merger and the remainder of which is contingent on completion of the merger. Coventry has also agreed to reimburse Greenhill for certain out-of-pocket expenses incurred by it in connection with its engagement and will indemnify Greenhill against certain liabilities that may arise out of its engagement.

Greenhill's opinion was one of the many factors considered by the Coventry board of directors in evaluating the merger and should not be viewed as determinative of the views of the Coventry board of directors with respect to the merger.

**Coventry Unaudited Prospective Financial Information**

***Certain Projections Prepared by the Management of Coventry***

Coventry does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations other than providing, from time to time, estimated ranges of certain expected financial results and operational metrics for the current year in its regular earnings press releases and other investor materials. In connection with the evaluation of a possible transaction, Coventry's management prepared certain nonpublic financial projections covering multiple years that were not intended for public disclosure. On July 16, 2012, Coventry management provided Aetna the projections summarized below in connection with their discussions. These projections were also provided to Greenhill in connection with Greenhill's financial analyses (see Proposal I: The Merger Opinion of Coventry's Financial Advisor beginning on page 73 of this proxy statement/prospectus). The projections were reviewed by the Coventry board of directors at the meetings of the Coventry board of directors on July 11, 2012 and August 6, 2012, and provided to the Coventry board of directors at the meetings of the Coventry board of directors on August 15, 2012 and August 19, 2012. See Proposal I: The Merger Background of the Merger beginning on page 62 of this proxy statement/prospectus. The projections included below are being provided to give Coventry's stockholders access to certain nonpublic information that was made available to Coventry's board of directors, Aetna and Greenhill in connection with their evaluation of the merger.

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The projections provided below reflect various assumptions and estimates that Coventry's management made in good faith, including, without limitation, (i) membership growth, per member per month premiums, health benefit costs and selling, general and administrative expenses; (ii) the effect of the Affordable Care Act on Coventry's business, including growth in individual membership in 2014 due to the implementation of the individual mandate, growth in existing markets resulting from Medicaid expansion, the impact of the nondeductible excise tax on health insurers beginning in 2014 (including related assumptions and estimates regarding the inclusion thereof in premiums), and the implementation of insurance exchanges in 2014; (iii) dual eligible demonstration project opportunities; and (iv) other new market opportunities in 2013, 2014 and 2015.

**Projections**

	2012E	Year Ended December 31,		
		2013E	2014E	2015E
		(dollars in millions)		
Total Revenue	\$ 14,162	\$ 15,311	\$ 19,153	\$ 23,745
Medical Expense	10,935	11,928	15,160	19,064
SG&A	2,090	2,183	2,510	2,959
EBITDA	980	1,030	1,312	1,551
Net Income	453	482	475	551

Coventry's management also provided Aetna and Greenhill with additional income statement data which assumed no impact to net income from the nondeductible excise tax on health insurers beginning in 2014 (which assumption had the effect of a \$45 million and \$63 million increase in net income in 2014 and 2015, respectively). These data were provided for illustrative purposes only and did not reflect the views of Coventry management with respect to Coventry's future financial performance.

EBITDA, as presented above, may be considered a non-GAAP financial measure. Coventry provided this information to Aetna and Greenhill because it believed it could be useful in evaluating, on a prospective basis, Coventry's potential operating performance and cash flow. Non-GAAP financial measures should not be considered in isolation from, or as a substitute for, financial information presented in compliance with GAAP, and non-GAAP financial measures as used by Coventry may not be comparable to similarly titled amounts used by other companies.

The following table presents a reconciliation of EBITDA (non-GAAP) to net income (GAAP) for each of the periods indicated:

	2012E	Year Ended December 31,		
		2013E	2014E	2015E
		Projections (in millions)(1)		
EBITDA	\$ 980	\$ 1,030	\$ 1,312	\$ 1,551
Depreciation and Amortization	150	146	151	155
Tax Expense	278	302	590	751
Interest Expense	99	99	97	93
Net Income	\$ 453	\$ 482	\$ 475	\$ 551

(1) Figures may not be exactly reconcilable as presented due to rounding.

The following table shows the unlevered free cash flow, defined as EBITDA less (i) corporate taxes, (ii) impact of the nondeductible excise tax on health insurers beginning in 2014, (iii) changes in net working capital, (iv) capital expenditures and (v) investments in statutory capital. The following unlevered free cash flow estimates were calculated for use by Greenhill in performing its illustrative discounted cash flow analysis described under Proposal I: The Merger Opinion of Coventry's Financial Advisor beginning on page 73 of this proxy statement/prospectus, but were not included in the projections provided to Aetna.

Year Ended December 31,

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	2H 2012E	2013E	2014E	2015E
		(in millions)		
Unlevered Free Cash Flow	\$ 333	\$ 680	\$ 468	\$ 435

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The following table shows the 2013 line of business EBITDA projections. The following line of business EBITDA estimates were calculated by Coventry management for use by Greenhill in performing its illustrative sum-of-the-parts analysis described under Proposal I: The Merger Opinion of Coventry's Financial Advisor beginning on page 73 of this proxy statement/prospectus and were included in the projections provided to Aetna.

	<b>2013E EBITDA</b> (in millions)
Medicare (includes Medicare Advantage and Medicare Part D)	\$ 344
Medicaid	92
Commercial Risk, ASO & Other	475
Workers Comp Services & Network Rental	119

The internal financial projections were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with published guidelines of the SEC, the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial projections, or GAAP. In addition, the projections were not prepared with the assistance of, or reviewed, compiled or examined by, Coventry's independent accountants. Coventry cautions you that the internal financial projections are speculative in nature and based on subjective decisions and assumptions. The summary of these internal financial projections is not being included in this proxy statement to influence your decision whether to vote for adoption of the merger agreement or any other proposal at the Coventry special meeting, but because (except as noted above) these internal financial projections were provided by Coventry management to Aetna, the Coventry board of directors and Greenhill in contemplation of a potential transaction.

These internal financial projections were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of Coventry's management. Important factors that may affect actual results and cause the internal financial projections not to be achieved include risks and uncertainties relating to Coventry's business (including its ability to achieve strategic goals, objectives and targets over applicable periods, the managed care industry, the regulatory environment, general business and economic conditions and other factors described under Cautionary Statement Regarding Forward-Looking Statements beginning on page 53 of this proxy statement/prospectus). Because the internal financial projections cover multiple future years, such information by its nature is less reliable in predicting each successive year. The internal financial projections also do not take into account any circumstances or events occurring after the date on which they were prepared and do not give effect to the transactions contemplated by the merger agreement, including the merger. The internal financial projections also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from those contained in these internal financial projections. Accordingly, there can be no assurance that the internal financial projections will be realized or that actual results will not be significantly higher or lower than projected.

The inclusion of these internal financial projections in this proxy statement/prospectus should not be regarded as an indication that any of Coventry, Aetna or their respective affiliates, advisors or representatives considered the internal financial projections to be predictive of actual future events, and the internal financial projections should not be relied on as such. None of Coventry, Aetna or their respective affiliates, advisors, officers, employees, directors or representatives can give you any assurance that actual results will not differ from these internal financial projections, and none of those persons undertakes any obligation to update or otherwise revise or reconcile these internal financial projections to reflect circumstances existing after the date the internal financial projections were generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the projections are shown to be in error. Coventry does not intend to make publicly available any update or other revision to these internal financial projections. None of Coventry or its affiliates, advisors, officers, employees, directors or representatives has made or makes any representation to any stockholder or other person regarding Coventry's ultimate performance compared to the information contained in these internal financial projections or that projected results will be achieved. Coventry has made no representation to Aetna, in the merger agreement or otherwise, concerning these internal financial projections.

**Table of Contents****Regulatory Approvals Required for the Merger*****General***

Aetna and Coventry have agreed to use their respective reasonable best efforts to obtain all regulatory approvals required to complete the merger, which reasonable best efforts may include contesting any proceeding brought by a governmental authority seeking to prohibit completion of the merger or seeking damages or to impose any terms or conditions in connection with the merger. Except as described in the preceding sentence, in using its reasonable best efforts, under the terms of the merger agreement, Aetna is required to take all actions and do all things necessary, proper or advisable to complete the merger in connection with (i) the expiration or early termination of the waiting period relating to the merger under the HSR Act, (ii) any other antitrust law or (iii) the required governmental authorizations, except that Aetna is not required to take any action or agree to any term or condition in connection with those matters if that action, term or condition would have or would reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or on Coventry. In addition, in connection with obtaining the regulatory approvals required to complete the merger, (x) neither Aetna nor Coventry is required to take any action or agree to any term or condition that is not conditioned upon completion of the merger and (y) Coventry is not permitted to take any action or agree to any term or condition without Aetna's consent.

Each of Aetna's, Coventry's and Merger Sub's obligation to effect the merger is conditioned upon, among other things, the expiration or early termination of the applicable waiting period under the HSR Act and the required governmental authorizations having been made or obtained and being in full force and effect. See *The Merger Agreement Conditions to Completion of the Merger* beginning on page 100 of this proxy statement/prospectus.

***Department of Justice, Federal Trade Commission and Other U.S. Antitrust Authorities***

Under the HSR Act, certain transactions, including the merger, may not be completed unless certain waiting period requirements have expired or been terminated. The HSR Act provides that each party must file a pre-merger notification with the FTC and the Antitrust Division of the DOJ. A transaction notifiable under the HSR Act may not be completed until the expiration of a 30-calendar-day waiting period following the parties' filings of their respective HSR Act notification forms or the early termination of that waiting period. If the DOJ or the FTC issues a Request for Additional Information and Documentary Material prior to the expiration of the initial waiting period, the parties must observe a second 30-calendar-day waiting period, which would begin to run only after both parties have substantially complied with the request for additional information, unless the waiting period is terminated earlier.

Aetna and Coventry each filed its respective required HSR notification and report with respect to the merger on September 5, 2012. As part of Aetna's and Coventry's continuing cooperation with the DOJ and in order to provide the DOJ with additional time for review, Aetna re-filed its required HSR Act notification and report with respect to the merger on October 9, 2012. The waiting period under the HSR Act will expire on November 8, 2012, unless it is extended by a request for further information or terminated earlier.

At any time before or after the merger is completed, either the DOJ or the FTC could take action under the antitrust laws in opposition to the merger, including seeking to enjoin completion of the merger, condition approval of the merger upon the divestiture of assets of Aetna, Coventry or their respective subsidiaries or impose restrictions on Aetna's post-merger operations. In addition, U.S. state attorneys general could take action under the antitrust laws as they deem necessary or desirable in the public interest including, without limitation, seeking to enjoin completion of the merger or permitting completion subject to regulatory concessions or conditions. Private parties also may seek to take legal action under the antitrust laws under some circumstances.

***Regulatory Approvals***

Pursuant to the insurance laws and regulations and, in some instances, the healthcare laws and regulations of certain states, and pursuant to certain licenses and contracts of certain of Coventry's subsidiaries, applicable state regulatory authorities must approve, or be notified of, Aetna's acquisition of control of Coventry's health



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maintenance organizations, insurance companies and other regulated entities. To obtain these approvals and provide such notices, Aetna, or the applicable Aetna subsidiary, and in some instances Coventry, or the applicable Coventry regulated entity, as the case may be, has filed or will file acquisition of control and material modification or similar statements, notices or applications, as required by the insurance and healthcare laws and regulations of each applicable state or the Coventry regulated entities' licenses and contracts. As of the date of this proxy statement/prospectus, Aetna, or the applicable Aetna subsidiary, has filed all material applications required for state regulatory approval of the merger.

### ***Other Governmental Approvals***

Neither Aetna nor Coventry is aware of any material governmental approvals or actions that are required for completion of the merger other than those described above. It is presently contemplated that if any such additional material governmental approvals or actions are required, those approvals or actions will be sought.

### ***Timing; Challenges by Governmental and Other Entities***

There can be no assurance that any of the regulatory approvals described above will be obtained and, if obtained, there can be no assurance as to the timing of any approvals, the ability to obtain the approvals on satisfactory terms or the absence of any litigation challenging such approvals.

In addition, there can be no assurance that any of the governmental or other entities described above, including the DOJ, the FTC, U.S. state attorneys general and private parties, will not challenge the merger on antitrust or competition grounds and, if such a challenge is made, there can be no assurance as to its result.

### **Appraisal Rights**

Record holders of Coventry common stock who comply with the procedures summarized below will be entitled to appraisal rights if the merger is completed. Under Section 262 of the DGCL (which is referred to in this proxy statement/prospectus as Section 262), holders of shares of Coventry common stock with respect to which appraisal rights are properly demanded and perfected and not withdrawn or lost are entitled, in lieu of receiving the merger consideration, to have the fair value of their shares (exclusive of any element of value arising from the accomplishment or expectation of the merger) at the effective time of the merger (which is referred to in this proxy statement/prospectus as completion of the merger) judicially determined and paid to them in cash by complying with the provisions of Section 262. Coventry is required to send a notice to that effect to each stockholder not less than 20 days prior to the Coventry special meeting. This proxy statement/prospectus constitutes that notice to you.

The following is a brief summary of Section 262, which sets forth the procedures for demanding statutory appraisal rights. This summary is qualified in its entirety by reference to Section 262, a copy of the text of which is attached to this proxy statement/prospectus as Annex C. The following summary does not constitute any legal or other advice nor does it constitute a recommendation that stockholders exercise their appraisal rights under Section 262.

Stockholders of record who desire to exercise their appraisal rights must do all of the following: (i) not vote in favor of the adoption of the merger agreement, (ii) deliver in the manner set forth below a written demand for appraisal of the stockholder's shares to the Secretary of Coventry before the vote on the adoption of the merger agreement at the Coventry special meeting, (iii) continuously hold the shares of record from the date of making the demand through completion of the merger and (iv) otherwise comply with the requirements of Section 262.

Only a holder of record of Coventry common stock is entitled to demand an appraisal of the shares registered in that holder's name. A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as the stockholder's name appears on the certificates representing shares. If shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, such demand must be executed by the fiduciary. If shares are owned of record by more than one person, as in a joint tenancy or tenancy in common, the demand must be executed by or on behalf of all joint owners. An authorized agent, including an agent of two

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or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose that, in exercising the demand, the agent is acting as agent for the record owner.

A record owner, such as a broker, who holds shares as a nominee for others may exercise appraisal rights with respect to the shares held for all or less than all beneficial owners of shares as to which the holder is the record owner. In that case, the written demand must set forth the number of shares covered by the demand. Where the number of shares is not expressly stated, the demand will be presumed to cover all shares outstanding in the name of the record owner.

Beneficial owners who are not record owners and who intend to exercise appraisal rights should consult with the record owner to determine the appropriate procedures for having the record holder make a demand for appraisal with respect to the beneficial owner's shares. Any holder of shares held in street name who desires appraisal rights with respect to those shares must take such actions as may be necessary to ensure that a timely and proper demand for appraisal is made by the record owner of the shares. Shares held through brokerage firms, banks and other financial institutions are frequently deposited with and held of record in the name of a nominee of a central security depository, such as Cede & Co., The Depository Trust Company's nominee. Any beneficial holder of shares desiring appraisal rights with respect to such shares which are held through a brokerage firm, bank or other financial institution is responsible for ensuring that the demand for appraisal is made by the record holder.

As required by Section 262, a demand for appraisal must be in writing and must reasonably inform Coventry of the identity of the record holder (which might be a nominee as described above) and of such holder's intention to seek appraisal of the holder's shares.

Stockholders of record who elect to demand appraisal of their shares must mail or deliver their written demand to: Coventry, 6720-B Rockledge Drive, Suite 700, Bethesda, MD 20817, Attention: Secretary. The written demand for appraisal should specify the stockholder's name and mailing address, the number of shares owned, and that the stockholder is demanding appraisal of his, her or its shares. The written demand must be received by Coventry prior to the Coventry special meeting. Neither voting (in person or by proxy) against, abstaining from voting on or failing to vote on the adoption of the merger agreement will alone suffice to constitute a written demand for appraisal within the meaning of Section 262. In addition, the stockholder must not vote its shares of Coventry common stock in favor of adoption of the merger agreement. An executed proxy that does not contain voting instructions will, unless revoked, be voted in favor of adoption of the merger agreement and will cause the stockholder's right of appraisal to be lost. Therefore, a stockholder who desires to exercise appraisal rights should either (x) refrain from executing and submitting the enclosed proxy card or (y) vote by proxy against the adoption of the merger agreement or affirmatively register an abstention with respect thereto.

Within 120 days after completion of the merger, but not thereafter, either the surviving corporation in the merger or any stockholder who has timely and properly demanded appraisal of such stockholder's shares and who has complied with the requirements of Section 262 and is otherwise entitled to appraisal rights, or any beneficial owner for which a demand for appraisal has been properly made by the record holder, may commence an appraisal proceeding by filing a petition in the Delaware Court of Chancery demanding a determination of the fair value of the shares of all stockholders who have properly demanded appraisal. There is no present intent on the part of the surviving corporation to file an appraisal petition and stockholders seeking to exercise appraisal rights should not assume that the surviving corporation will file such a petition or that the surviving corporation will initiate any negotiations with respect to the fair value of such shares. Accordingly, stockholders who desire to have their shares appraised should initiate any petitions necessary for the perfection of their appraisal rights within the time periods and in the manner prescribed in Section 262.

Within 120 days after completion of the merger, any stockholder who has complied with the applicable provisions of Section 262 will be entitled, upon written request, to receive from the surviving corporation a

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statement setting forth the aggregate number of shares of Coventry common stock not voting in favor of the merger and with respect to which demands for appraisal were received by the surviving corporation and the number of holders of such shares. A person who is the beneficial owner of shares held in a voting trust or by a nominee on behalf of such person may, in such person's own name, file a petition or request from the corporation for the statement described in the previous sentence. Such statement must be mailed within 10 days after the written request therefor has been received by the surviving corporation.

If a petition for an appraisal is timely filed, at the hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights. The Delaware Court of Chancery may require the stockholders who have demanded an appraisal for their shares and who hold stock represented by certificates to submit their certificates of stock to the Register in Chancery for notation thereon of the pendency of the appraisal proceedings; and if any stockholder fails to comply with such direction, the Delaware Court of Chancery may dismiss the proceedings as to such stockholder. Where proceedings are not dismissed, the appraisal proceeding will be conducted, as to the shares of Coventry common stock owned by such stockholders, in accordance with the rules of the Delaware Court of Chancery, including any rules specifically governing appraisal proceedings.

After a hearing on such petition, the Delaware Court of Chancery will determine which stockholders are entitled to appraisal rights and thereafter will appraise the shares owned by those stockholders, determining the fair value of the shares exclusive of any element of value arising from the accomplishment or expectation of the merger, together with interest to be paid, if any, upon the amount determined to be the fair value. Unless the Delaware Court of Chancery in its discretion determines otherwise for good cause shown, interest from the date the merger is completed through the date of payment of the judgment will be compounded quarterly and will accrue at 5% over the Federal Reserve discount rate (including any surcharges) as established from time to time during the period between the date the merger is completed and the date of payment of the judgment. In determining fair value, the Delaware Court of Chancery is to take into account all relevant factors. In *Weinberger v. UOP, Inc.*, et al., the Delaware Supreme Court stated that proof of value by any techniques or methods which are generally considered acceptable in the financial community and otherwise admissible in court should be considered in an appraisal proceeding. However, the Delaware Supreme Court noted that Section 262 provides that fair value is to be determined exclusive of any element of value arising from the accomplishment or expectation of the merger.

Stockholders considering seeking appraisal should bear in mind that the fair value of their shares determined under Section 262 could be more than, the same as, or less than the merger consideration they are entitled to receive pursuant to the merger agreement if they do not seek appraisal of their shares, and that opinions of investment banking firms as to the fairness from a financial point of view of the consideration payable in a transaction are not opinions as to fair value under Section 262. Each of Aetna and Coventry reserves the right to assert, in any appraisal proceeding, that for purposes of Section 262, the fair value of a share of Coventry common stock is less than the applicable merger consideration.

The cost of the appraisal proceeding may be determined by the Delaware Court of Chancery and charged upon the parties as the Delaware Court of Chancery deems equitable in the circumstances. However, costs do not include attorneys' and expert witness fees. The Delaware Court of Chancery may order that all or a portion of the expenses incurred by such stockholder in connection with the appraisal proceeding, including, without limitation, reasonable attorneys' fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of such a determination of assessment, each party bears its own expenses.

Any stockholder who has duly demanded appraisal in compliance with Section 262 will not, after completion of the merger, be entitled to vote for any purpose any shares subject to such demand or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to completion of the merger.

At any time within 60 days after completion of the merger, any stockholder who has demanded appraisal and who has not commenced an appraisal proceeding or joined that proceeding as a named party will have the

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right to withdraw such stockholder's demand for appraisal and to accept the cash and Aetna common shares to which the stockholder is entitled pursuant to the merger. After this period, the stockholder may withdraw such stockholder's demand for appraisal only with the consent of the surviving corporation. If no petition for appraisal is filed with the Delaware Court of Chancery within 120 days after completion of the merger, stockholders' rights to appraisal will cease and all stockholders will be entitled only to receive the merger consideration as provided for in the merger agreement. No petition timely filed in the Delaware Court of Chancery demanding appraisal will be dismissed as to any stockholders without the approval of the Delaware Court of Chancery, and that approval may be conditioned upon such terms as the Delaware Court of Chancery deems just. However, the preceding sentence will not affect the right of any stockholder who has not commenced an appraisal proceeding or joined the proceeding as a named party to withdraw such stockholder's demand for appraisal and to accept the terms offered upon the merger within 60 days after completion of the merger.

The foregoing is a brief summary of Section 262 that sets forth the procedures for demanding statutory appraisal rights. This summary, however, is not a complete statement of all applicable requirements and is qualified in its entirety by reference to Section 262, a copy of the text of which is attached as Annex C to this proxy statement/prospectus.

**Failure to comply strictly with all the procedures set forth in Section 262 will result in the loss of a stockholder's statutory appraisal rights. Consequently, if you wish to exercise your appraisal rights, you are strongly urged to consult a legal advisor before attempting to exercise your appraisal rights.**

**Material U.S. Federal Income Tax Consequences**

The following are the material U.S. federal income tax consequences relevant to the transaction for U.S. holders (as defined below) of Coventry common stock whose shares are exchanged for Aetna common shares and cash in the transaction. This summary is based on the provisions of the Internal Revenue Code of 1986, as amended, which is referred to in this proxy statement/prospectus as the Code, U.S. Treasury regulations promulgated thereunder, judicial authorities and administrative rulings, all as in effect as of the date of this proxy statement/prospectus and all of which are subject to change, possibly with retroactive effect. Any such change could affect the accuracy of the statements and conclusions set forth in this proxy statement/prospectus.

As used herein, a U.S. holder is a holder who, for U.S. federal income tax purposes, is a beneficial owner of Coventry common stock and is:

an individual citizen or resident of the United States;

a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state therein or the District of Columbia;

a trust if (i) a U.S. court is able to exercise primary supervision over the trust's administration and one or more U.S. persons are authorized to control all substantial decisions of the trust or (ii) it has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate the income of which is subject to U.S. federal income taxation regardless of its source.

This discussion applies only to shares of Coventry common stock that are held as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, it does not address all aspects of U.S. federal income taxation that may be important to holders in light of their particular circumstances or to holders subject to special rules, such as:

a financial institution or insurance company;

a dealer or broker in securities or currencies;

a trader in securities that elects mark-to-market treatment;

a tax-exempt organization;

a real estate investment trust;

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a regulated investment trust;

a grantor trust;

former citizens or former long-term residents of the United States;

a stockholder subject to the alternative minimum tax;

a partnership or other flow-through entity and its partners or members;

persons whose functional currency is not the U.S. dollar;

a stockholder who holds Coventry common stock or Aetna common shares as part of a hedge, appreciated financial position, straddle, constructive sale or conversion transaction, or other integrated investment;

a stockholder who acquired Coventry common stock pursuant to the exercise of compensatory options or otherwise as compensation; or

a stockholder who exercises appraisal rights.

If an entity or arrangement treated as a partnership for U.S. federal income tax purposes holds Coventry common stock, the tax treatment of a partner in such partnership will generally depend upon the status of the partner and the activities of the partnership. A partner in a partnership holding Coventry common stock should consult its tax advisors.

This discussion of material U.S. federal income tax consequences is not a complete analysis or description of all potential U.S. federal income tax consequences of the merger for U.S. holders. This discussion does not address all aspects of U.S. federal income taxation and does not address tax consequences that may vary with, or are contingent on, individual circumstances. In addition, this discussion does not address any tax consequences arising under the unearned income Medicare contribution tax pursuant to the Health Care and Education Reconciliation Act of 2010, nor does it address any aspect of state, local, estate, gift or other tax law that may be applicable to a U.S. holder. Moreover, this discussion does not address the U.S. federal income tax consequences of the merger for any holder of Coventry common stock who or which, for U.S. federal income tax purposes, is not a U.S. holder, such as a nonresident alien individual, a foreign corporation, a foreign partnership or a foreign estate or trust. **Accordingly, all Coventry stockholders are strongly urged to consult their own tax advisors to determine the particular U.S. federal, state or local or foreign income or other tax consequences to them of the merger, and of owning and disposing of Aetna common shares.**

***Tax Consequences of the Merger Generally***

The receipt of Aetna common shares and cash in exchange for Coventry common stock pursuant to the transaction will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder will recognize capital gain or loss for U.S. federal income tax purposes on the exchange of Coventry common stock for Aetna common shares and cash in an amount equal to the difference, if any, between (i) the sum of the fair market value of the Aetna common shares on the date of the exchange and cash received (including cash received in lieu of a fractional Aetna common share) and (ii) the U.S. holder's adjusted tax basis in the Coventry common stock surrendered in the exchange. Gain or loss, as well as the holding period, will be determined separately for each block of Coventry common stock (i.e., shares acquired at the same cost in a single transaction) exchanged for Aetna common shares and cash pursuant to the transaction. Such gain or loss will be long-term capital gain or loss provided that a U.S. holder's holding period for such shares is more than one year on the date of the exchange. Long-term capital gains of individuals are currently generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

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A U.S. holder will have a tax basis in the Aetna common shares received equal to their fair market value on the date of the exchange, and the U.S. holder's holding period with respect to such Aetna common shares will begin on the day after the date of the exchange.

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### *Backup Withholding and Information Reporting*

Information returns will be filed with the Internal Revenue Service, which is referred to in this proxy statement/prospectus as the IRS, in connection with cash payments from a disposition of Coventry common stock (including cash paid in lieu of fractional shares) pursuant to the merger. Backup withholding at a rate of 28% may apply to cash paid in the transaction to a U.S. holder, unless the holder furnishes a correct taxpayer identification number and certifies that he or she is not subject to backup withholding on the IRS Form W-9 or successor form included in the letter of transmittal to be delivered to such holder following completion of the merger.

Backup withholding is not an additional tax. Any amount withheld under the backup withholding rules will be allowed as a refund or credit against the holder's U.S. federal income tax liability, provided the required information is timely furnished to the IRS. The IRS may impose a penalty upon any taxpayer that fails to provide the correct taxpayer identification number.

### **Accounting Treatment**

The merger will be accounted for as an acquisition of a business. Aetna will record assets acquired and liabilities assumed from Coventry primarily at their respective fair values at the date of completion of the merger. Any excess of the purchase price (as described under *Note 4. Estimate of Consideration Expected to be Transferred* under Aetna and Coventry Unaudited Pro Forma Condensed Combined Financial Statements beginning on page 30 of this proxy statement/prospectus) over the net fair value of such assets and liabilities will be recorded as goodwill.

The financial condition and results of operations of Aetna after completion of the merger will reflect Coventry's balances and results after completion of the transaction but will not be restated retroactively to reflect the historical financial condition or results of operations of Coventry. The earnings of Aetna following completion of the merger will reflect acquisition accounting adjustments, including the effect of changes in the carrying value for assets and liabilities on interest expense and amortization expense. Intangible assets with indefinite useful lives, if any, and goodwill will not be amortized but will be tested for impairment at least annually, and all assets including goodwill will be tested for impairment when certain indicators are present. If, in the future, Aetna determines that tangible or intangible assets (including goodwill) are impaired, Aetna would record an impairment charge at that time.

### **Listing of Aetna Common Shares and Delisting and Deregistration of Coventry Common Stock**

Application will be made to have the Aetna common shares to be issued in the merger approved for listing on the New York Stock Exchange, where Aetna common shares are currently traded. If the merger is completed, Coventry common stock will no longer be listed on the New York Stock Exchange and will be deregistered under the Exchange Act.

### **Litigation Relating to the Merger**

On August 23, 2012, a putative stockholder class action lawsuit captioned *Coyne v. Wise et al.*, C.A. No. 367380, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. On August 27, 2012, a second putative stockholder class action lawsuit captioned *O'Brien v. Coventry Health Care, Inc. et al.*, C.A. 367577, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 5, 2012, a third putative stockholder class action lawsuit captioned *Preze v. Coventry Health Care, Inc. et al.*, C.A. 367942, was filed in the Circuit Court for Montgomery County, Maryland, against the Coventry board of directors, Coventry, Aetna and Merger Sub. The complaints in all three lawsuits generally allege, among other things, that the individual defendants breached their fiduciary duties owed to Coventry's public stockholders in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these



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alleged breaches of fiduciary duty. In addition, the complaints generally allege that the proposed merger improperly favors Aetna and that certain provisions of the merger agreement unduly restrict Coventry’s ability to negotiate with other potential bidders. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger or, in the event that an injunction is not awarded, unspecified money damages, costs and attorneys’ fees.

On August 31, 2012, a putative stockholder class action lawsuit captioned *Brennan v. Coventry Health Care, Inc. et al.*, C.A. No. 7826-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 14, 2012, a second putative stockholder class action lawsuit captioned *Nashelsky v. Coventry Health Care, Inc. et al.*, C.A. No. 7868-CS, was filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On September 27, 2012, and September 28, 2012, putative stockholder class action lawsuits captioned *Employees’ Retirement System of the Government of the Virgin Islands v. Coventry Health Care, Inc. et al.*, C.A. No. 7905-CS and *Farina v. Coventry Health Care, Inc. et al.*, C.A. No. 7909-CS, were filed in the Court of Chancery of the State of Delaware against the Coventry board of directors, Coventry, Aetna and Merger Sub. On October 1, 2012, an amended complaint was filed in the *Brennan v. Coventry Health Care, Inc.* action. The complaints generally allege that, among other things, the individual defendants breached their fiduciary duties owed to the public stockholders of Coventry in connection with the merger because the merger consideration and certain other terms in the merger agreement are unfair. The complaints further allege that Aetna and Merger Sub aided and abetted these alleged breaches of fiduciary duty. In addition, the complaints generally allege that certain provisions of the merger agreement unduly restrict Coventry’s ability to negotiate with other potential bidders and that the merger agreement lacks adequate safeguards on behalf of Coventry’s stockholders against the decline in the value of the stock component of the merger consideration. The complaints in the *Employees’ Retirement System of the Government of the Virgin Islands*, and *Farina* actions and the amended complaint in the *Brennan* action also generally allege that Aetna’s Registration Statement on Form S-4 filed on September 21, 2012, contained various deficiencies. Among other remedies, the complaints generally seek injunctive relief prohibiting the defendants from completing the proposed merger, rescissionary and other types of damages and costs and attorneys’ fees.

On October 4, 2012, the Court of Chancery of the State of Delaware entered an order consolidating the four Delaware actions under the caption *In re Coventry Health Care, Inc. Shareholder Litigation, Consolidated C. A. No. 7905-CS*, appointing the *Employees’ Retirement System of the Government of the Virgin Islands*, the *General Retirement System of the City of Detroit*, and the *Police and Fire Retirement System of the City of Detroit* as Co-Lead Plaintiffs. On October 5, 2012, plaintiffs in the consolidated Delaware action filed a motion for expedited proceedings, and on October 10, 2012, plaintiffs in the consolidated Delaware action filed a motion to preliminarily enjoin the defendants from taking any action to consummate the merger. The parties have since reached agreement on the schedule for those proceedings, which was entered by order of the Court on October 12, 2012. Pursuant to that scheduling order, a hearing on plaintiffs’ preliminary injunction motion has been scheduled for November 20, 2012.

**Description of Debt Financing**

***Overview***

In connection with the merger, Aetna has entered into a bridge credit agreement with the bridge lenders pursuant to which the bridge lenders have agreed to provide a 364-day senior unsecured bridge loan facility in an aggregate amount of up to \$2.0 billion. A copy of the bridge credit agreement is filed as an exhibit to the Current Report on Form 8-K filed by Aetna on September 27, 2012, which is incorporated by reference into this proxy statement/prospectus. See *Where You Can Find More Information* beginning on page 152 of this proxy statement/prospectus. You are urged to read the bridge credit agreement carefully.

***Bridge Loan***

Pursuant to the terms of the bridge credit agreement, the proceeds of the bridge loan will be available upon the satisfaction of certain conditions precedent on completion of the merger and, if drawn, will be used to finance, in part, the cash consideration for the merger and to pay fees and expenses incurred in connection with the merger. The bridge loan will mature on the 364th day after completion of the merger.

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### ***Conditions Precedent***

The bridge lenders' obligation to fund the bridge loan is subject to several conditions, including completion of the merger, the non-occurrence of an acquired business material adverse effect (as such term is defined in the bridge credit agreement), the accuracy of certain representations and warranties related to both Aetna and Coventry, the absence of certain defaults by Aetna, Aetna's satisfaction of a maximum ratio of consolidated total indebtedness to adjusted consolidated capitalization, Aetna having obtained public credit ratings of Aetna's senior unsecured debt taking into account the merger, Aetna's delivery of certain financial statements, the termination of Coventry's existing credit agreement dated June 22, 2011, Aetna having used commercially reasonable efforts to cause the senior notes to be issued and other conditions to completion more fully set forth in the bridge credit agreement.

### ***Interest***

At the option of Aetna, borrowings under the bridge credit agreement will bear interest at either a base rate or at the London Interbank Offered Rate (referred to in this proxy statement/prospectus as LIBOR), plus, in each case, an applicable margin. The applicable margin will range from 0.00-0.75% with respect to the base rate, and 1.00-1.75% with respect to LIBOR, based on the ratings of Aetna's long-term senior unsecured debt (as such term is defined in the bridge credit agreement), and subject to increase, beginning 90 days after completion of the merger, based on how long the bridge loan is outstanding.

### ***Base Rate Option***

Interest will be at the base rate plus an applicable margin based on the ratings of Aetna's long-term senior unsecured debt, calculated on the basis of the actual number of days elapsed in a year of 360 days (or, in the case of the use of the Prime Rate, 365 or 366 days) and payable quarterly in arrears. The base rate will be, for any day, a fluctuating rate per annum equal to the highest of (i) the rate of interest quoted in the print edition of The Wall Street Journal, Money Rates Section as the Prime Rate; (ii) the Federal Funds Rate, as published by the Federal Reserve Bank of New York, plus one-half of 1.00%; and (iii) LIBOR, for an interest period of one month beginning on such day plus 1.00%.

### ***LIBOR Option***

Interest will be determined based on interest periods to be selected by Aetna of one, two, three or six months and will be at an annual rate equal to LIBOR for the corresponding deposits of U.S. dollars, plus the applicable margin based on the ratings of Aetna's long-term senior unsecured debt. Interest will be paid at the end of each interest period and will be calculated on the basis of the actual number of days elapsed in a year of 360 days.

### ***Covenants and Events of Default***

The bridge credit agreement contains covenants relating to the following subjects:

delivery of financial statements and other notices and information;

conduct of business and maintenance of existence and insurance;

limitation on liens;

consolidations, mergers and sales of assets;

use of proceeds;

compliance with laws (including Federal Reserve margin regulations);

inspection of property, books and records;

payment of obligations; and

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a covenant limiting restricted payments, with exceptions for the payment of regular cash dividends, share repurchases pursuant to share repurchase programs announced by Aetna in an aggregate amount not to exceed \$2,500,000,000 and special cash dividends in an aggregate amount not to exceed \$1,000,000,000.

In addition, the bridge credit agreement includes a maximum ratio of consolidated total indebtedness to adjusted consolidated capitalization.

The bridge credit agreement also contains certain events of default, limited to nonpayment of principal when due; nonpayment of interest or fees within five business days of due date; violation of covenants (subject to grace periods in the case of certain affirmative covenants and the limitation on liens); inaccuracy of representations and warranties in any material respect when made or deemed made; payment default or default resulting in or permitting acceleration in respect of indebtedness of \$100,000,000 or more; bankruptcy or insolvency events; change in control; undischarged judgments in excess of \$50,000,000; and certain events under the Employee Retirement Income Security Act of 1974.

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**THE MERGER AGREEMENT**

The following is a summary of the material terms and conditions of the merger agreement. This summary may not contain all the information about the merger agreement that is important to you. This summary is qualified in its entirety by reference to the merger agreement attached as Annex A to, and incorporated by reference into, this proxy statement/prospectus. You are encouraged to read the merger agreement in its entirety because it is the legal document that governs the merger.

**Explanatory Note Regarding the Merger Agreement and the Summary of the Merger Agreement: Representations, Warranties and Covenants in the Merger Agreement Are Not Intended to Function or Be Relied on as Public Disclosures**

The merger agreement and the summary of its terms in this proxy statement/prospectus have been included to provide information about the terms and conditions of the merger agreement. The terms and information in the merger agreement are not intended to provide any other public disclosure of factual information about Aetna, Coventry or any of their respective subsidiaries or affiliates. The representations, warranties, covenants and agreements contained in the merger agreement are made by Aetna, Coventry and Merger Sub only for the purposes of the merger agreement and are qualified and subject to certain limitations and exceptions agreed to by Aetna, Coventry and Merger Sub in connection with negotiating the terms of the merger agreement. In particular, in your review of the representations and warranties contained in the merger agreement and described in this summary, it is important to bear in mind that the representations and warranties were made solely for the benefit of the parties to the merger agreement and were negotiated for the purpose of allocating contractual risk among the parties to the merger agreement rather than to establish matters as facts. The representations and warranties may also be subject to a contractual standard of materiality or material adverse effect different from those generally applicable to stockholders and reports and documents filed with the SEC and in some cases may be qualified by disclosures made by one party to the other, which are not necessarily reflected in the merger agreement. Moreover, information concerning the subject matter of the representations and warranties, which do not purport to be accurate as of the date of this proxy statement/prospectus, may have changed since the date of the merger agreement.

For the foregoing reasons, the representations, warranties, covenants and agreements or any descriptions of those provisions should not be read alone or relied upon as characterizations of the actual state of facts or condition of Aetna, Coventry or any of their respective subsidiaries or affiliates. Instead, such provisions or descriptions should be read only in conjunction with the other information provided elsewhere in this document or incorporated by reference into this proxy statement/prospectus.

The merger is a taxable transaction, and the receipt of Aetna common shares and cash in exchange for Coventry common stock in the merger will generally be taxable to Coventry stockholders. See Proposal I: The Merger Material U.S. Federal Income Tax Consequences beginning on page 90 of this proxy statement/prospectus.

**Structure of the Merger**

The merger agreement provides for a transaction in which Merger Sub will merge with and into Coventry. Coventry will be the surviving corporation in the merger and will, following completion of the merger, be a wholly owned subsidiary of Aetna. After completion of the merger, the certificate of incorporation set forth as Exhibit A to the merger agreement and the bylaws of Merger Sub in effect as of completion of the merger will be the certificate of incorporation and bylaws, respectively, of the surviving corporation, in each case until amended in accordance with applicable law. After completion of the merger, the directors of Merger Sub and the officers of Coventry will be the directors and officers, respectively, of the surviving corporation until their successors are duly elected or appointed and qualified in accordance with the surviving corporation's certificate of incorporation, bylaws and applicable law.

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**Completion and Effectiveness of the Merger**

The merger will be completed and become effective at such time as the certificate of merger is duly filed with the Delaware Secretary of State (or at such later time as agreed to by Coventry and Aetna and specified in the certificate of merger). Unless another date and time are agreed to by Aetna and Coventry, completion of the merger will occur as soon as possible, but no later than two business days, following satisfaction or, to the extent permitted by applicable law, waiver, of the conditions to completion of the merger (other than those conditions that by their nature are to be satisfied at completion of the merger, but subject to the satisfaction or, to the extent permitted by applicable law, waiver of such conditions at the time of completion) described under **Conditions to Completion of the Merger** beginning on page 100 of this proxy statement/prospectus.

As of the date of this proxy statement/prospectus, the merger is expected to be completed in mid-2013. However, completion of the merger is subject to the satisfaction or, to the extent permitted by applicable law, waiver of the conditions to completion of the merger, which are summarized below. There can be no assurances as to when, or if, the merger will occur. If the merger is not completed on or before August 19, 2013, which is referred to in this proxy statement/prospectus as the initial end date, either Aetna or Coventry may terminate the merger agreement, unless all conditions to the merger have been satisfied on the initial end date other than the regulatory approvals condition and either Aetna or Coventry elects to extend the initial end date to November 19, 2013, which together with the initial end date is referred to in this proxy statement/prospectus as the end date, in which case, if the merger is not completed on or before November 19, 2013, either Aetna or Coventry may terminate the merger agreement, subject to each party's obligation, if requested by the other party, to consider in good faith agreeing (without being obligated to agree) to a further extension of the end date. The right to terminate the merger agreement on the end date, or to extend the initial end date, will not be available to Aetna or Coventry if that party's breach of any provision of the merger agreement resulted in the failure of the merger to be completed by that date. See **Conditions to Completion of the Merger** and **Termination of the Merger Agreement** beginning on pages 100 and 115, respectively, of this proxy statement/prospectus.

**Merger Consideration**

At completion of the merger, each share of Coventry common stock outstanding immediately prior to completion of the merger, except for shares held by Coventry as treasury stock, shares owned by Aetna or by any subsidiary of Coventry or Aetna and shares with respect to which appraisal rights have been properly exercised in accordance with the DGCL will be converted into the right to receive \$27.30 in cash, without interest, and 0.3885 of an Aetna common share (with cash payable in lieu of any fractional shares as described under **Fractional Shares** beginning on page 97 of this proxy statement/prospectus).

If, between the date of the merger agreement and completion of the merger, any change in the outstanding shares of capital stock of Coventry or Aetna occurs as a result of any reclassification, recapitalization, stock split (including reverse stock split), merger, combination, exchange or readjustment of shares, subdivision or other similar transaction, or any stock dividend thereon with a record date during such period, the merger consideration and any other amounts payable pursuant to the merger agreement will be appropriately adjusted to eliminate the effect of such event thereon.

**Fractional Shares**

No fractional Aetna common shares will be issued to any holder of shares of Coventry common stock upon completion of the merger. Instead, all fractional Aetna common shares that a holder of shares of Coventry common stock would otherwise be entitled to receive as a result of the merger will be aggregated and, if a fractional share results from that aggregation, the holder will be entitled to receive cash in an amount determined by multiplying that fraction by the Aetna closing price. No interest will be paid or accrued on cash payable in lieu of fractional Aetna common shares.

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### **Shares Subject to Properly Exercised Appraisal Rights**

The shares of Coventry common stock held by Coventry stockholders who do not vote for adoption of the merger agreement and who otherwise properly exercise and perfect appraisal rights for their shares in accordance with the DGCL will not be converted into the right to receive the merger consideration to which they would otherwise be entitled pursuant to the merger agreement, but will instead be converted into the right to receive the judicially determined fair value of such shares if the merger is completed. If any Coventry stockholder fails to make an effective demand for payment or otherwise withdraws or loses his, her or its appraisal rights, such stockholder's shares will be exchangeable solely for the merger consideration.

### **Procedures for Surrendering Coventry Stock Certificates**

The conversion of Coventry common stock into the right to receive the merger consideration will occur automatically at completion of the merger. Prior to completion of the merger, Aetna will appoint an exchange agent reasonably acceptable to Coventry to handle the exchange of certificates or book-entry shares representing shares of Coventry common stock for the merger consideration. Aetna will deposit or make available as needed the cash and Aetna common shares comprising the merger consideration payable in respect of Coventry common stock. Promptly (but not later than five business days) after completion of the merger, Aetna will, or will cause the exchange agent to, send a letter of transmittal to each person who is a record holder of Coventry common stock at completion of the merger for use in the exchange and instructions explaining how to surrender Coventry stock certificates or transfer uncertificated shares of Coventry common stock to the exchange agent.

Coventry stockholders who submit a properly completed letter of transmittal, together with their share certificates (in the case of certificated shares) or other evidence of transfer requested by the exchange agent (in the case of book-entry shares), will receive the merger consideration into which the shares of Coventry common stock were converted in the merger. The Aetna common shares constituting part of such merger consideration will be delivered to Coventry stockholders in book-entry form unless a physical certificate is requested by a Coventry stockholder or otherwise required under applicable law. After completion of the merger, each certificate that previously represented shares of Coventry common stock and each uncertificated share of Coventry common stock that previously was registered to a holder on Coventry's stock transfer books will only represent the right to receive the merger consideration into which those shares of Coventry common stock have been converted.

Neither Aetna nor Coventry will be responsible for transfer or other similar taxes and fees incurred by holders of Coventry common stock in connection with the merger. Those taxes and fees, if any, will be the sole responsibility of such holders. In addition, if there is a transfer of ownership of Coventry common stock that is not registered in the records of Coventry's transfer agent, payment of the merger consideration as described above will be made to a person other than the person in whose name the certificate or uncertificated share so surrendered is registered only if the certificate is properly endorsed or otherwise is in proper form for transfer or the uncertificated shares are properly transferred, and the person requesting the exchange must pay to the exchange agent any transfer or other taxes to be paid or satisfy the exchange agent that any transfer or other taxes have been paid or that no payment of those taxes is necessary.

After completion of the merger, Aetna will not pay dividends with a record date after completion of the merger to any holder of any Coventry stock certificates or uncertificated shares of Coventry common stock until the holder surrenders or transfers the Coventry stock certificates or uncertificated shares of Coventry common stock. However, once those certificates or uncertificated shares of Coventry common stock are surrendered or transferred, Aetna will pay to the holder, without interest, any dividends that have been declared after completion of the merger on the Aetna common shares into which those Coventry shares have been converted.

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### **Treatment of Coventry Equity Awards**

#### ***Coventry Stock Options***

At completion of the merger, each in-the-money option outstanding under any Coventry employee benefit plan, whether or not vested or exercisable, will be cancelled and converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (x) the excess of (i) the equity award cash consideration over (ii) the applicable per share exercise price of that in-the-money option multiplied by (y) the total number of shares of Coventry common stock underlying that in-the-money option.

Under the terms of the merger agreement, Coventry and Aetna agreed to consult with respect to the appropriate treatment of underwater Coventry stock options. Based on that consultation, Aetna and Coventry have agreed that each underwater option outstanding as of completion of the merger will be cancelled. Aetna has agreed that each holder of a cancelled underwater option who executes a customary acknowledgement and waiver will be eligible to receive a payment ranging from \$1.00 to \$4.00 for each share of Coventry common stock subject to an underwater option, depending upon the exercise price of the cancelled underwater option. The maximum aggregate amount paid by Aetna that is based on the exercise price of underwater options will not exceed \$8 million. A Coventry employee whose underwater options are cancelled and who executes a customary acknowledgement and waiver will receive the applicable payment only if the employee remains employed by the surviving corporation or Aetna for 12 months following the completion of the merger or if the employee's employment is terminated sooner due to death, disability, an involuntary termination without cause or, in certain circumstances, a constructive termination.

#### ***Coventry Restricted Stock***

At completion of the merger, each outstanding restricted share of Coventry common stock (which represents a share of Coventry common stock subject to vesting and forfeiture restrictions) will be converted into the right to receive the merger consideration, less applicable withholding taxes.

#### ***Coventry Stock Units***

At completion of the merger, each Coventry stock unit outstanding under any Coventry employee benefit plan that is a cashed-out unit will be converted into the right to receive an amount in cash, without interest and less applicable withholding taxes, equal to the product of (a) the equity award cash consideration multiplied by (b) the number of shares of Coventry common stock underlying that cashed-out unit.

At completion of the merger, each Coventry stock unit outstanding under any Coventry employee benefit plan that is a rollover unit will be converted into a cash-settled Aetna restricted stock unit with the number of Aetna common shares underlying that cash-settled Aetna restricted stock unit equal to the product of (x) the number of shares of Coventry common stock underlying that rollover unit immediately prior to completion of the merger multiplied by (y) the quotient of (i) the equity award cash consideration divided by (ii) the Aetna closing price. Each such cash-settled Aetna restricted stock unit will be subject to the same terms and conditions (including service-based vesting) as applied to the corresponding rollover unit immediately prior to completion of the merger.

### **Listing of Aetna Stock**

The merger agreement obligates Aetna to use its reasonable best efforts to cause the Aetna common shares to be issued as part of the merger consideration to be listed on the New York Stock Exchange, subject to official notice of issuance, prior to completion of the merger. Approval for listing on the New York Stock Exchange of the Aetna common shares issuable to Coventry stockholders in the merger, subject only to official notice of issuance, is a condition to the obligations of Aetna and Coventry to complete the merger.



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### Conditions to Completion of the Merger

*Mutual Conditions to Completion.* The obligation of each of Aetna, Coventry and Merger Sub to complete the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the following conditions:

adoption of the merger agreement by holders of a majority of the outstanding shares of Coventry common stock in accordance with Delaware law;

absence of any applicable law or order being in effect that enjoins, restrains, prevents, prohibits or makes illegal completion of the merger;

effectiveness of the registration statement for the Aetna common shares being issued in the merger (of which this proxy statement/prospectus forms a part) and the absence of any stop order suspending that effectiveness or any proceedings for that purpose pending before or threatened by the SEC; and

approval for the listing on the New York Stock Exchange of the Aetna common shares to be issued in the merger, subject only to official notice of issuance.

*Additional Conditions to Completion for the Benefit of Aetna and Merger Sub.* In addition, the obligation of each of Aetna and Merger Sub to complete the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the following conditions:

both (i) the expiration or early termination of any applicable waiting period relating to the merger under the HSR Act and (ii) certain actions by or in respect of, and filings with, certain governmental authorities, which are referred to in this proxy statement/prospectus as the required governmental authorizations, having been made or obtained and being in full force and effect, without the imposition of any term or condition that would have or would reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or Coventry (see The Merger Agreement Reasonable Best Efforts Covenant beginning on page 109 of this proxy statement/prospectus for a definition of regulatory material adverse effect);

the accuracy (subject only to *de minimis* exceptions) as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time) of certain representations and warranties made in the merger agreement by Coventry regarding its capitalization;

the accuracy as of the date of the merger agreement and as of completion of the merger of certain representations and warranties made in the merger agreement by Coventry regarding its business having been conducted in the ordinary course of business consistent with past practice and there not having been a material adverse effect on Coventry, in each case since December 31, 2011 (see The Merger Agreement Definition of Material Adverse Effect beginning on page 102 of this proxy statement/prospectus for a definition of material adverse effect);

the accuracy in all material respects as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time) of certain representations and warranties made in the merger agreement by Coventry regarding, among other matters, its corporate existence, its corporate authority relative to the merger agreement and the merger, fees payable to its financial advisors in connection with the merger, its ownership of its subsidiaries, the opinion of its financial advisor and the inapplicability of certain antitakeover laws;

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the accuracy of all other representations and warranties made in the merger agreement by Coventry (disregarding any materiality or material adverse effect qualifications contained in such representations and warranties) as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time), except for any such inaccuracies that have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Coventry;

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performance in all material respects by Coventry of the covenants and agreements required to be performed by it at or prior to completion of the merger; and

receipt of a certificate executed by an executive officer of Coventry as to the satisfaction of the conditions described in the preceding five bullets.

*Additional Conditions to Completion for the Benefit of Coventry.* In addition, the obligation of Coventry to complete the merger is subject to the satisfaction (or, to the extent permitted by applicable law, waiver) of the following conditions:

both (i) the expiration or early termination of any applicable waiting period relating to the merger under the HSR Act and (ii) the required governmental authorizations having been made or obtained and being in full force and effect (this condition together with the corresponding condition for the benefit of Aetna and Merger Sub is referred to in this proxy statement/prospectus as the regulatory approvals condition);

the accuracy (subject only to *de minimis* exceptions) as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time) of certain representations and warranties made in the merger agreement by Aetna regarding its capitalization;

the accuracy in all material respects as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time) of certain representations and warranties made in the merger agreement by Aetna regarding, among other matters, its corporate existence, its corporate authority relative to the merger agreement and the merger and fees payable to its financial advisors in connection with the merger;

the accuracy as of the date of the merger agreement and as of completion of the merger of certain representations and warranties made in the merger agreement by Aetna regarding its business having been conducted in the ordinary course of business consistent with past practice and there not having been a material adverse effect on Aetna, in each case since December 31, 2011;

the accuracy of all other representations and warranties made in the merger agreement by Aetna (disregarding any materiality or material adverse effect qualifications contained in such representations and warranties) as of the date of the merger agreement and as of completion of the merger (or, in the case of representations and warranties that by their terms address matters only as of another specified time, as of that time), except for any such inaccuracies that have not had and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on Aetna;

performance in all material respects by Aetna and Merger Sub of the covenants and agreements required to be performed by them at or prior to completion of the merger; and

receipt of a certificate executed by an executive officer of Aetna as to the satisfaction of the conditions described in the preceding five bullets.

**Representations and Warranties**

The merger agreement contains a number of representations and warranties made by both Aetna and Coventry that are subject in some cases to exceptions and qualifications (including exceptions that are not material to the party making the representations and warranties and its subsidiaries, taken as a whole, and exceptions that do not have, and would not reasonably be expected to have, individually or in the aggregate, a material adverse effect on the party making the representations and warranties). See The Merger Agreement Definition of Material Adverse Effect beginning on page 102 of this proxy statement/prospectus for a definition of material adverse effect. The representations and warranties in

the merger agreement relate to, among other things:

corporate existence, good standing and qualification to conduct business;

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due authorization, execution and validity of the merger agreement;

governmental and third-party consents necessary to complete the merger;

absence of any conflict with or violation or breach of organizational documents or any conflict with or violation or breach of agreements, laws or regulations as a result of the execution, delivery or performance of the merger agreement and completion of the merger;

capital structure;

subsidiaries;

SEC filings, the absence of material misstatements or omissions from such filings and compliance with the Sarbanes-Oxley Act of 2002;

financial statements;

information provided by a party for inclusion in disclosure documents to be filed with the SEC in connection with the merger;

loss reserves;

conduct of business in the ordinary course of business consistent with past practices and absence of changes that have had or would reasonably be expected to have, individually or in the aggregate, a material adverse effect, in each case since December 31, 2011;

absence of undisclosed material liabilities;

compliance with laws, court orders and permits;

litigation; and

fees payable to financial advisors in connection with the merger.

Coventry also makes representations and warranties relating to, among other things, statutory financial statements and capital or surplus maintenance of Coventry's regulated subsidiaries, material contracts, tax matters, employees and employee benefit plans, labor, intellectual property, properties, environmental matters, insurance, the inapplicability of antitakeover statutes and the receipt of a fairness opinion from its financial advisor.

Aetna also makes representations and warranties relating to, among other things, matters with respect to the debt commitment letter regarding the terms and conditions for the financing for the merger and Aetna's ownership of Coventry common stock.

The representations and warranties in the merger agreement do not survive completion of the merger.

See Explanatory Note Regarding the Merger Agreement and the Summary of the Merger Agreement: Representations, Warranties and Covenants in the Merger Agreement Are Not Intended to Function or Be Relied on as Public Disclosures on page 96 of this proxy statement/prospectus.

**Definition of Material Adverse Effect**

Many of the representations and warranties in the merger agreement are qualified by material adverse effect.

For purposes of the merger agreement, material adverse effect means, with respect to Aetna or Coventry, as the case may be, any event, change, effect, development or occurrence that has a material adverse effect on the financial condition, business or results of operations of that party and its subsidiaries, taken as a whole, other than any event, change, effect, development or occurrence to the extent resulting from:

any changes in general United States or global economic conditions, except to the extent that those changes have a materially disproportionate adverse effect on that party and its subsidiaries, taken as a

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whole, relative to the adverse effect those changes have on other companies operating in the industries in which that party and its subsidiaries operate;

any changes in conditions generally affecting the healthcare, health insurance or managed care industry or any other industry in which that party or any of its subsidiaries operate, except to the extent that those changes have a materially disproportionate adverse effect on that party and its subsidiaries, taken as a whole, relative to the adverse effect those changes have on other companies operating in the industries in which that party and its subsidiaries operate;

any decline, in and of itself, in the market price or trading volume of that party's common stock (but not any facts or occurrences giving rise to or contributing to that decline that are not otherwise excluded from the definition of material adverse effect);

any changes in regulatory, legislative or political conditions or in securities, credit, financial, debt or other capital markets, in each case in the United States or any foreign jurisdiction, except to the extent that those changes have a materially disproportionate adverse effect on that party and its subsidiaries, taken as a whole, relative to the adverse effect those changes or conditions have on other companies operating in the industries in which that party and its subsidiaries operate;

any failure, in and of itself, by that party to meet any internal or published projections, forecasts, estimates or predictions in respect of revenues, earnings or other financial or operating metrics for any period (but not any facts or occurrences giving rise to or contributing to that failure that are not otherwise excluded from the definition of material adverse effect);

the execution and delivery of the merger agreement, the public announcement of the merger agreement or the merger, the taking of any action required or expressly contemplated by the merger agreement or the identity of, or any facts or circumstances relating to any other party to the merger agreement or that other party's subsidiaries, including the impact of any of the foregoing on the relationships, contractual or otherwise, of that party or any of its subsidiaries with customers, providers, suppliers, partners, officers or employees (except with respect to any representation or warranty that is intended to address the consequences of the execution, delivery or performance of the merger agreement or completion of the transactions contemplated by the merger agreement);

any adoption, implementation, promulgation, repeal, modification, amendment, reinterpretation, change or proposal of any applicable law of or by any governmental authority, except to the extent that those events or changes have a materially disproportionate adverse effect on that party and its subsidiaries, taken as a whole, relative to the adverse effect those events or changes have on other companies operating in the industries in which that party and any of its subsidiaries operate;

any changes in United States generally accepted accounting principles (or authoritative interpretations of United States generally accepted accounting principles);

any changes in geopolitical conditions, the outbreak or escalation of hostilities, any acts of war, sabotage or terrorism, or any escalation or worsening of any acts of war, sabotage or terrorism threatened or underway as of the date of the merger agreement;

any taking of any action at the written request of or with the consent of any other party to the merger agreement (but not any facts or occurrences resulting from that action that are not otherwise excluded from the definition of material adverse effect);

any reduction in the credit rating of that party or any of its subsidiaries (but not any facts or occurrences giving rise to or contributing to that reduction that are not otherwise excluded from the definition of material adverse effect);

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any hurricane, earthquake, flood or other natural disasters, acts of God or any change resulting from weather conditions;

any changes resulting from, arising under or relating to the Sebelius decision, including any state determining not to expand its Medicaid Programs pursuant to the Affordable Care Act;



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any changes to reimbursement rates or in methods or procedures for determining those rates, any changes to eligibility requirements or any other programmatic changes by any governmental authority that, in each case, have general application to other companies providing managed care services similar to the services that are provided by that party and its subsidiaries or to other companies operating in the industries in which that party and its subsidiaries operate, as applicable, except to the extent that those changes have a materially disproportionate adverse effect on that party and its subsidiaries, taken as a whole, relative to the adverse effect those changes have on other companies operating in the Medicaid or Medicare managed care industry or other industries in which that party and its subsidiaries operate;

the failure, in and of itself, of that party or any of its subsidiaries to obtain the right to provide services in any jurisdiction under a contract with Centers for Medicare & Medicaid Services, any state agency or any other governmental authority pursuant to any request for proposal, procurement, re-procurement or similar process or the failure of any of those contracts to be renewed upon its expiration (but not any facts or occurrences giving rise to that failure that are not otherwise excluded from the definition of material adverse effect);

the effects on that party's and its subsidiaries' business arising from employee departures that result from the announcement of the merger agreement and the merger; or

any litigation or legal proceedings arising from allegations of a breach of fiduciary duty or violation of applicable law relating to the merger agreement or the merger.

**Conduct of Business Pending the Merger**

In general, except (i) as required or expressly contemplated by the merger agreement, (ii) as required or prohibited by applicable law or (iii) as set forth in the confidential disclosure schedules delivered to the other party concurrently with execution of the merger agreement, unless the other party otherwise consents (which consent may not be unreasonably withheld, conditioned or delayed), Coventry, Aetna and their respective subsidiaries are required to conduct their business in the ordinary course of business consistent with past practice and in compliance in all material respects with applicable laws and permits and to use commercially reasonable efforts to preserve intact their business organization and relationships with third parties and to keep available the services of their present officers and employees.

Without limiting the generality of the foregoing and to the fullest extent permitted by applicable law, except as set forth in Coventry's confidential disclosure schedule delivered to Aetna concurrently with execution of the merger agreement, unless Aetna otherwise consents (which consent may not be unreasonably withheld, conditioned or delayed) and subject to certain exceptions and qualifications described in the merger agreement, each of Coventry and each of its subsidiaries is not permitted to, among other things:

amend its organizational documents;

merge or consolidate with any other entity;

acquire any assets, other than (i) assets other than securities in the ordinary course of business consistent with past practice in an amount not to exceed \$20,000,000 in the aggregate, (ii) securities under Coventry's investment portfolio consistent with Coventry's historical investment policy and (iii) certain intracompany transactions;

adopt a plan of complete or partial liquidation, dissolution, recapitalization or restructuring;

(i) split, combine or reclassify any shares of its capital stock, (ii) amend any term of any of its outstanding equity securities, (iii) in the case of Coventry only, declare or pay any dividend or make any other distribution in respect of any shares of its capital stock or

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other securities, other than regular cash dividends in the ordinary course of business consistent with past practice in an amount not to exceed \$0.125 per share of Coventry common stock per quarter (appropriately adjusted to reflect any stock dividends, subdivisions, splits, combinations or other similar events), (iv) in the case of Coventry s

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subsidiaries only, fail to declare or pay any dividend or make any other distribution in respect of any shares of its capital stock or other securities in the ordinary course of business consistent with past practice or (v) redeem, repurchase, cancel or otherwise acquire any securities of Coventry or any of its subsidiaries, other than certain repurchases in connection with the exercise of options or the vesting or settlement of restricted shares or other similar awards, in each case in the ordinary course of business consistent with past practice;

issue, deliver or sell any shares of its capital stock or any securities convertible into or exercisable for, or any rights to acquire, any such capital stock or any such convertible securities, other than (i) the issuance of Coventry common stock upon the exercise of Coventry stock options or the vesting of Coventry stock units, in each case that are outstanding on the date of the merger agreement or are issued after the date of the merger agreement as permitted by the following clauses (iii) or (iv), (ii) in connection with certain intracompany transactions, (iii) grants (other than grants of Coventry stock options) to directors in the ordinary course of business consistent with past practice and (iv) the issuance of Coventry stock units with an aggregate fair market value equal to (A) \$51,000,000 for annual grants to be made in the ordinary course of business consistent with past practice and (B) \$3,000,000 (which was reduced from \$7,000,000 in amendment no. 1 to the merger agreement) for grants to be made to new hires in the ordinary course of business consistent with past practice, in each case subject to terms and conditions including the following:

each stock unit will vest in 25% increments per year;

the vesting of each stock unit will not accelerate in connection with merger; and

upon completion of the merger, each stock unit will (A) convert into a cash-settled restricted stock unit, with the number of Aetna common shares underlying such restricted stock unit equal to the product of (1) the number of shares of Coventry common stock represented by such stock unit multiplied by (2) the equity award cash consideration divided by the Aetna closing price; (B) not be credited with dividend equivalents; and (C) vest and settle on the earlier to occur of (1) the vesting date of such unit, subject to the holder's continued employment through such vesting date and (2) the date the holder experiences an involuntary termination of employment without cause or such other termination of employment that would give rise to the payment of severance benefits under an arrangement applicable to the holder;

incur any capital expenditures in excess of (i) for 2012, \$20,000,000 individually or \$100,000,000 in the aggregate, (ii) for 2013, \$20,000,000 individually or \$110,000,000 in the aggregate, (iii) for 2014, \$20,000,000 individually or \$110,000,000 in the aggregate or (iv) for any consecutive six-month period falling completely in 2012, 2013 or 2014, 75% of the aggregate limit for that year as set forth in the foregoing clauses (i) through (iii);

sell, lease, license or otherwise dispose of any assets, other than (i) in the ordinary course of business consistent with past practice for fair market value in an amount not to exceed \$20,000,000 in the aggregate, (ii) securities under Coventry's investment portfolio consistent with Coventry's historical investment policy or (iii) certain intracompany transactions;

(i) make any material loans, advances or capital contributions, other than certain intracompany transactions, or (ii) incur, guarantee or repurchase any indebtedness for borrowed money, other than (a) in the ordinary course of business consistent with past practice in an amount not to exceed \$25,000,000 in the aggregate or (b) certain intracompany transactions;

create or incur any lien (except for certain permitted liens) on any material asset;

enter into, terminate, extend or materially amend certain material contracts, other than for certain contracts in the ordinary course of business consistent with past practices;

terminate or amend in any material respect any material permit;

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except as required by applicable law or employee benefit plans or other contracts as in effect on the date of the merger agreement, (i) grant any severance or termination pay to (or amend any existing arrangement with) any of Coventry's directors, officers or employees other than (A) as required pursuant to employee benefit plans existing as of the date of the merger agreement or (B) in the ordinary course of business consistent with past practice for terminated employees in exchange for a general release of claims or other customary covenants, (ii) increase benefits payable under any severance or termination pay policies or employment agreements existing as of the date of the merger agreement, (iii) enter into any employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any of Coventry's directors, officers or employees, except that Coventry may provide new hires with offer letters in the ordinary course of business consistent with past practice, (iv) establish, adopt or amend any employee benefit plan or labor agreement, other than (A) as required by applicable law or (B) in the ordinary course of business consistent with past practice or (v) increase the compensation, bonus or other benefits payable to any of Coventry's directors, officers or employees, other than increases in base compensation and bonus to directors and employees who are not considered to be executive officers in the ordinary course of business consistent with past practice (although the amount of bonus actually paid may be higher or lower than prior years based on actual performance and such payment will not be considered an increase) and increases in employee welfare benefits in the ordinary course of business consistent with past practice for employees generally;

make any material change in any method, principles or practice of accounting, except for any such change required by reason of, or advisable under, a concurrent change in United States generally accepted accounting principles, applicable statutory accounting principles or Regulation S-X under the Exchange Act;

make any material change in investment, hedging, underwriting or claims administration principles or practices or in methodologies for estimating and providing for medical costs and other liabilities, in each case with respect to Coventry or certain of its material subsidiaries, except for any such changes required by reason of a concurrent change in United States generally accepted accounting principles, applicable statutory accounting principles or Regulation S-X under the Exchange Act;

settle or compromise any proceeding, other than settlements or compromises involving only monetary payment in an amount not to exceed \$2,000,000 individually or \$15,000,000 in the aggregate;

sell, lease, license or otherwise dispose of, or create or incur any lien (other than certain permitted liens) on, any material intellectual property, other than in the ordinary course of business (i) pursuant to nonexclusive licenses or (ii) for the purpose of disposing of obsolete or worthless assets; or

agree, commit or propose to do any of the foregoing.

Without limiting the generality of the first paragraph of this section (under Conduct of Business Pending the Merger ) and to the fullest extent permitted by applicable law, except as set forth in Aetna's confidential disclosure schedule delivered to Coventry concurrently with execution of the merger agreement, unless Coventry otherwise consents (which consent may not be unreasonably withheld, conditioned or delayed) and subject to certain exceptions and qualifications described in the merger agreement, Aetna is not permitted to:

amend its organizational documents in a manner materially adverse to Coventry stockholders;

declare or pay any dividend or make any other distribution in respect of any shares of its capital stock, other than regular cash dividends in the ordinary course of business consistent with past practice; or

adopt a plan of complete or partial liquidation of Aetna.

**Obligation of the Coventry Board of Directors to Recommend the Merger Agreement and Call a Stockholders Meeting**

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As promptly as reasonably practicable after the SEC or its staff advises that it has no further comments on this proxy statement/prospectus or that Coventry may commence mailing this proxy statement, Coventry has

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agreed to call a meeting of its stockholders for the purpose of obtaining the vote of Coventry stockholders necessary to adopt the merger agreement. Coventry is permitted to adjourn, delay or postpone the meeting of its stockholders for the absence of a quorum or once, for a period not to exceed 30 calendar days, to solicit additional proxies for the adoption of the merger agreement. However, if Coventry adjourns, delays or postpones the meeting of its stockholders, Coventry must cause the meeting of its stockholder to be called and held as promptly as reasonably practicable after the originally scheduled time.

As discussed under **The Merger Coventry Reasons for the Merger; Recommendation of the Coventry Board of Directors that Coventry Stockholders Adopt the Merger Agreement** beginning on page 68 of this proxy statement/prospectus, Coventry's board of directors unanimously recommends that Coventry stockholders vote **FOR** the adoption of the merger agreement. Coventry's board of directors, however, can (i) withdraw or modify in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement, (ii) recommend a competing acquisition proposal or (iii) terminate the merger agreement to enter into a definitive agreement providing for a superior acquisition proposal, in each case under specified circumstances as discussed under **No Solicitation by Coventry** beginning on page 107 of this proxy statement/prospectus. However, unless the merger agreement has previously been terminated in accordance with its terms, the merger agreement must be submitted to Coventry stockholders for adoption (including if Coventry's board of directors has withdrawn or modified in a manner adverse to Aetna its recommendation that Coventry stockholders adopt the merger agreement in response to (x) a superior acquisition proposal, but has not terminated the merger agreement to enter into a definitive agreement providing for such superior acquisition proposal, or (y) an event other than a superior acquisition proposal).

**No Solicitation by Coventry**

Subject to the exceptions described below, Coventry has agreed not to, and to cause its subsidiaries not to, and to use its reasonable best efforts to cause its and its subsidiaries' officers, directors, employees, investment bankers, attorneys, accountants, consultants and other agents, advisors, intermediaries and representatives (which are collectively referred to in this proxy statement/prospectus as representatives) not to, directly or indirectly, among other things: (i) solicit, initiate or take any action to knowingly facilitate or knowingly encourage the submission of any acquisition proposal (as defined below), (ii) enter into or participate in any discussions or negotiations with, furnish any information relating to Coventry or any of its subsidiaries or afford access to the business, properties, assets, books or records of Coventry or any of its subsidiaries to, otherwise cooperate in any way with or knowingly facilitate or knowingly encourage any effort by any third party that is seeking to make, or has made, an acquisition proposal, (iii) (A) withdraw or modify (or fail to include in this proxy statement/prospectus) in a manner adverse to Aetna (including by failing to issue a press release reaffirming its recommendation within five business days of the date of any acquisition proposal or public disclosure of any material modification to any acquisition proposal) the recommendation of the Coventry board of directors that Coventry stockholders vote in favor of the adoption of the merger agreement or (B) recommend, adopt or approve an acquisition proposal (any of the actions described in this clause (iii) are referred to in this proxy statement/prospectus as an adverse recommendation change) or (iv) approve any transaction under, or any person becoming an interested stockholder under, Section 203 of the DGCL. Without limiting the generality of the foregoing, any violation of the restrictions on Coventry set forth in the preceding sentence by any representative of Coventry or any of its subsidiaries will be treated as a breach by Coventry.

However, at any time prior to the adoption of the merger agreement by Coventry stockholders, Coventry is permitted to, directly or indirectly through its representatives, and subject to certain exceptions and qualifications described in the merger agreement:

contact any third party that has made after the date of the merger agreement an unsolicited written acquisition proposal in order to ascertain facts or clarify terms for the sole purpose of Coventry's board of directors informing itself about such acquisition proposal and such third party;

(i) engage in negotiations or discussions with any third party that, subject to Coventry's compliance with the solicitation restrictions described in the first paragraph of this section (under **No**

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Solicitation by Coventry ) has made after the date of the merger agreement a superior proposal (as defined below) or an unsolicited written acquisition proposal that Coventry s board of directors determines is reasonably likely to lead to a superior proposal, (ii) thereafter furnish to such third party and its representatives and financing sources nonpublic information relating to Coventry or any of its subsidiaries pursuant to a confidentiality agreement (which confidentiality agreement may not include any provision requiring exclusive negotiations with such third party) with confidentiality terms no less favorable to Coventry than those contained in the confidentiality agreement between Coventry and Aetna, and provided that all such nonpublic information (to the extent not previously provided or made available to Aetna) is provided or made available to Aetna, as the case may be, promptly (but no later than one business day) after or substantially concurrently with the time it is provided or made available to such third party and (iii) following receipt of a superior proposal after the date of the merger agreement, (A) make an adverse recommendation change and/or (B) subject to payment to Aetna of the termination fee as more fully described below, terminate the merger agreement to enter into a definitive agreement providing for such superior proposal; and

make an adverse recommendation change involving or relating to an intervening event (as defined below).

Coventry is only permitted to take the actions described in the second or third bullets above if Coventry s board of directors determines in good faith, after consultation with its outside legal counsel, that the failure to take such action would be reasonably likely to be inconsistent with its fiduciary duties to Coventry stockholders under applicable law.

In addition, Coventry s board of directors is not permitted to take any of the actions described in the second bullet above unless Coventry has delivered to Aetna written notice advising Aetna that it intends to take such action, and Coventry continues to advise Aetna, on a current basis, after taking such action of the status and material terms of any discussions and negotiations with the applicable third party. Coventry must also notify Aetna promptly (but in no event later than 24 hours) after receipt by Coventry (or any of its representatives) of any acquisition proposal, any indication that a third party is considering making an acquisition proposal or any request for information relating to Coventry or any of its subsidiaries or for access to the business, properties, assets, books or records of Coventry or any of its subsidiaries by any third party that may be considering making, or has made, an acquisition proposal.

In addition, Coventry s board of directors is not permitted to make an adverse recommendation change involving or relating to a superior proposal (or terminate the merger agreement to enter into a definitive agreement providing for a superior proposal as described under

Termination of the Merger Agreement beginning on page 115 of this proxy statement/prospectus), unless (i) Coventry promptly notifies Aetna, in writing at least five calendar days before taking that action, that it intends to take that action, attaching the most current version of any proposed agreement (or a detailed summary of all material terms and the identity of the offeror), (ii) if requested by Aetna, during such five calendar day period, Coventry and its representatives have discussed and negotiated in good faith with Aetna regarding any proposal by Aetna to amend the terms of the merger agreement in response to such superior proposal and (iii) after such five calendar day period, Coventry s board of directors determines in good faith, taking into account any proposal by Aetna to amend the terms of the merger agreement, that such third-party acquisition proposal continues to constitute a superior proposal. Any amendment to the financial terms or other material terms of such superior proposal requires a new written notification from Coventry and commences a new notice period under the preceding sentence, except that such new notice period will be for three business days rather than five calendar days.

Coventry s board of directors is not permitted to make an adverse recommendation change in response to an intervening event unless Coventry (i) has provided to Aetna at least two business days prior written notice advising Aetna that Coventry s board of directors intends to make such an adverse recommendation change with respect to such intervening event and (ii) if requested by Aetna, during such two business day period, Coventry



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and its representatives have discussed and negotiated in good faith with Aetna regarding any proposal by Aetna to amend the terms of the merger agreement in response to such intervening event.

**Acquisition proposal** means, any inquiry, proposal, indication of interest or offer from any person or group (as defined in Section 13(d) of the Exchange Act), other than Aetna and its subsidiaries, relating to any (i) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of assets of Coventry and its subsidiaries (including securities of subsidiaries) equal to 20% or more of Coventry's consolidated assets or to which 20% or more of Coventry's revenues or earnings on a consolidated basis are attributable, (ii) direct or indirect acquisition (whether in a single transaction or a series of related transactions) of beneficial ownership (within the meaning of Section 13 under the Exchange Act) of 20% or more of any class of equity or voting securities of Coventry, (iii) tender offer or exchange offer that, if completed, would result in any person or group (as defined in Section 13(d) of the Exchange Act), other than Aetna and its subsidiaries, beneficially owning 20% or more of any class of equity or voting securities of Coventry or (iv) merger, consolidation, share exchange, business combination, reorganization, recapitalization, liquidation, dissolution or similar transaction involving Coventry which is structured to permit, or involves, the acquisition by any person or group (as defined in Section 13(d) of the Exchange Act), other than Aetna and its subsidiaries, of beneficial ownership of (A) assets of Coventry and its subsidiaries equal to 20% or more of Coventry's consolidated assets or to which 20% or more of Coventry's revenues or earnings on a consolidated basis are attributable or (B) 20% or more of any class of equity or voting securities of Coventry.

**Intervening event** means any material event, change, effect, development or occurrence occurring or arising after the date of the merger agreement that (i) was not known or reasonably foreseeable to Coventry's board of directors or executive officers as of or prior to the date of the merger agreement and (ii) does not relate to or involve an acquisition proposal.

**Superior proposal** means any unsolicited written acquisition proposal (with all references to 20% in the definition of acquisition proposal being deemed to be references to 50% ) on terms that Coventry's board of directors determines in good faith, after consultation with its financial advisor and outside legal counsel, and taking into account all the terms and conditions of the acquisition proposal that Coventry's board of directors considers to be appropriate (including the expected timing and likelihood of completion, any governmental or other approval requirements, break-up fees, expense reimbursement provisions, conditions to completion and availability of necessary financing), would result in a transaction (i) that if completed, is more favorable to Coventry stockholders from a financial point of view (taking into account, among other items, the tax attributes of such transaction) than the merger (taking into account any proposal by Aetna to amend the terms of the merger agreement), (ii) that is reasonably capable of being completed on the terms proposed, taking into account the identity of the person making the acquisition proposal, any approval requirements and all other financial, regulatory, legal and other aspects of such acquisition proposal and (iii) for which financing, if a cash transaction (whether in whole or in part), is then fully committed in a manner comparable to Aetna's and Merger Sub's financing (or which is reasonably determined to be available by the Coventry board of directors).

Coventry has agreed to, to cause its subsidiaries to, and to use its reasonable best efforts to cause its and its subsidiaries' respective representatives to, terminate any and all existing activities, discussions or negotiations, if any, with any third parties conducted prior to the date of the merger agreement with respect to any acquisition proposal, and to use its reasonable best efforts to cause any such party (or its agents or advisors) in possession of confidential information about Coventry that was furnished by or on behalf of Coventry to return or destroy all such information.

### **Reasonable Best Efforts Covenant**

Aetna and Coventry have agreed to use their reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable under applicable law to complete the merger, including preparing and filing as promptly as practicable all necessary governmental or third-party

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filings, notices and other documents and obtaining and maintaining all required licenses, authorizations, permits, consents, approvals, clearances, variances, exemptions, orders and other confirmations required to be obtained to complete the merger and cooperating to the extent reasonable with the other parties to the merger agreement in their efforts to comply with their obligations under the merger agreement. Aetna's and Coventry's obligation to use their respective reasonable best efforts may include contesting (which may include contesting by litigation) any (i) action, suit, investigation or proceeding brought by any governmental authority in a federal, state or administrative court seeking to enjoin, restrain, prevent, prohibit or make illegal completion of the merger or seeking damages or to impose any terms or conditions in connection with the merger or (ii) order that has been entered by a federal, state or administrative court that enjoins, restrains, prevents, prohibits or makes illegal completion of the merger or imposes any damages, terms or conditions in connection with the merger. Subject to the immediately preceding sentence, Aetna's obligation to use its reasonable best efforts includes taking all actions and doing all things necessary, proper or advisable under applicable law (including divestitures and the entry into other commitments and limitations) to obtain the following governmental approvals, so long as such actions would not have and would not reasonably be expected to have, individually or in the aggregate, a regulatory material adverse effect on Aetna or Coventry: (i) the expiration or early termination of any applicable waiting period relating to the merger under the HSR Act, (ii) approvals in connection with any other applicable law that is designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or (iii) the required governmental authorizations (the matters described in clause (i) through (iii) are referred to in this proxy statement/prospectus as the specified regulatory matters).

However, notwithstanding the foregoing paragraph, (i) Aetna, Coventry and their respective affiliates are not required to take any action that is not conditioned upon completion of the merger and (ii) Coventry and its affiliates are not permitted to agree to any obligation or other action relating to the consents or approvals required in connection with the merger without Aetna's prior consent.

**Regulatory material adverse effect** means, with respect to Aetna or Coventry, as the case may be, any event, change, effect, development or occurrence, in each case resulting from or arising out of the specified regulatory matters, that has a material adverse effect on the financial condition, business, revenue or EBITDA (as defined in the merger agreement) of that party and its subsidiaries, taken as a whole. For purposes of determining whether any action, term or condition would have or would reasonably be expected to have a regulatory material adverse effect on Aetna, Aetna and its subsidiaries will collectively be deemed to be a company the size of (and with revenue and EBITDA equal to those of) Coventry and its subsidiaries, taken as a whole. For purposes of determining whether any action, term or condition would have or would reasonably be expected to have a regulatory material adverse effect on Aetna or Coventry, (i) impacts on the synergies expected to be realized from the merger that are publicly disclosed by Aetna will be taken into account and (ii) impacts on Aetna, Coventry or any of their respective subsidiaries will be aggregated.

Aetna and Coventry have agreed not to, and to cause their respective subsidiaries not to, directly or indirectly, acquire, purchase, lease or license (or agree to acquire, purchase, lease or license) any business, corporation, partnership, association or other business organization or division or part thereof, or any securities or collection of assets, if doing so would reasonably be expected to: (i) impose any material delay in the obtaining of, or materially increase the risk of not obtaining, any consent or exemption of any governmental authority necessary to complete the merger and the other transactions contemplated by the merger agreement or the expiration or early termination of any applicable waiting period; (ii) materially increase the risk of any governmental authority entering an order prohibiting completion of the merger and the other transactions contemplated by the merger agreement; or (iii) materially increase the risk of not being able to remove any such order on appeal or otherwise.

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Each of Aetna and Merger Sub has agreed to use its commercially reasonable efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary to complete and obtain the financing for the merger on substantially the terms and conditions described in the debt commitment letter, including, among other things, using commercially reasonable efforts to (i) negotiate and enter into definitive financing agreements on the terms and conditions contemplated by the debt commitment letter no later than the date that is three months from the date of the merger agreement and (ii) satisfy (or if determined advisable by Aetna and Merger Sub, obtain the waiver of) on a timely basis all conditions to obtaining the debt financing within Aetna's and Merger Sub's control and to comply with all of its obligations pursuant to the debt commitment letter and any of the definitive financing agreements. Upon satisfaction of all conditions to funding contained in the debt commitment letter, each of Aetna and Merger Sub has agreed to use its commercially reasonable efforts to (x) cause the financing sources to fund the debt financing required to complete the transactions contemplated by the merger agreement and to pay related fees and expenses at completion of the merger and (y) enforce all of its rights under the debt commitment letter.

In connection with the obligation, described in this paragraph, to negotiate and enter into definitive financing agreements on the terms and conditions contemplated by the debt commitment letter, Aetna has entered into a certain bridge credit agreement. See "Description of Debt Financing" beginning on page 93 of this proxy statement/prospectus.

If any portion of the financing contemplated by the debt commitment letter becomes unavailable, Aetna and Merger Sub must (i) use their commercially reasonable efforts to obtain alternative debt financing as promptly as practicable in an amount sufficient to complete the transactions contemplated by the merger agreement and (ii) promptly notify Coventry of such unavailability and the reason for such unavailability.

Each of Aetna and Merger Sub has agreed to give Coventry prompt notice of, among other things, (i) any material breach by any party to the debt commitment letter or any of the definitive financing agreements of which it has become aware, (ii) any termination of the debt commitment letter or any of the definitive financing agreements and (iii) the receipt of any notice or other communication from any financing source with respect to such financing source's failure or anticipated failure to fund its commitments under the debt commitment letter or any of the definitive financing agreements. Aetna and Merger Sub have also agreed to keep Coventry reasonably informed on a reasonably current basis of the status of their efforts to complete the debt financing for the merger.

Aetna may (i) replace the existing debt commitment letter with a replacement debt commitment letter pursuant to which financial institutions selected by it commit to provide replacement debt financing to finance the transactions contemplated by the merger agreement and (ii) on or following the effectiveness of any replacement debt commitment letter, terminate the existing debt commitment letter and the commitments thereunder. Aetna may not, however, replace any existing debt commitment letter or definitive financing agreement except on terms substantially similar to the terms of the debt commitment letter or definitive financing agreement being replaced (other than economic terms, which will be as good as or better for Aetna and Merger Sub than those in the debt commitment letter or definitive financing agreement being replaced).

Aetna and Merger Sub may not, without Coventry's prior written consent (not to be unreasonably withheld), permit any amendment or modification to, or any waiver of any provision or remedy under, any debt commitment letter or any of the definitive financing agreements unless the terms of such debt commitment letter or definitive financing agreements, in each case as so amended, modified or waived, are substantially similar to those in such debt commitment letter or definitive financing agreement prior to giving effect to such amendment, modification or waiver (other than economic terms, which must be as good as or better for Aetna and Merger Sub as those in the debt commitment letter or definitive financing agreement relating thereto prior to giving effect to such amendment, modification or waiver). However, in the case of amendments or modifications of the debt commitment letter or any of the definitive financing agreements, the foregoing will only apply if such amendment or modification (i) could reasonably be expected to (A) adversely affect the ability or likelihood of

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Aetna or Merger Sub timely completing the transactions contemplated by the merger agreement or (B) make the timely funding of the debt financing or the satisfaction of the conditions to obtaining the debt financing less likely to occur, (ii) reduces the amount of the debt financing or (iii) adversely affects the ability of Aetna or Merger Sub to enforce their rights against other parties to the debt commitment letter or any of the definitive financing agreements.

### ***Cooperation of Coventry***

Coventry has agreed to, and to cause its subsidiaries to, at the sole expense of Aetna, use its commercially reasonable efforts to provide such cooperation as may be reasonably requested by Aetna in connection with the arrangement of any financing to be completed in connection with the merger, so long as such requested cooperation does not unreasonably interfere with the ongoing operations of Coventry and its subsidiaries, including, among other things, to:

as promptly as reasonably practicable, provide information (financial or otherwise) relating to Coventry to the persons providing the financing to the extent reasonably requested by Aetna to assist in preparation of customary offering or informational documents to be used for completion of the financing;

cooperate with the marketing efforts of Aetna and its financing sources, including by participating in a reasonable number of meetings, due diligence sessions and road shows, at times and at locations reasonably acceptable to Coventry;

reasonably assist in the preparation of customary offering memoranda, rating agency presentations, lender presentations, financial statements, private placement memoranda, prospectuses and other similar documents, including by furnishing certain financial statements of Coventry;

make available, on a customary and reasonable basis and upon reasonable notice, appropriate personnel, documents and information relating to Coventry and its subsidiaries, in each case, as may be reasonably requested by Aetna;

obtain any necessary consents from auditors in connection with any filings with the SEC;

obtain customary legal opinions, financing accountants' comfort letters and consents of accountants for use of their reports in any materials relating to the financing and in connection with any filings required to be made by Aetna pursuant to the Securities Act or the Exchange Act;

subject to customary confidentiality provisions, provide customary authorization letters to the financing sources authorizing the distribution of information to prospective lenders or investors; and

obtain customary payoff letters and instruments of discharge to be delivered at completion of the merger to allow for the payoff, discharge and termination in full on such date of Coventry's existing credit facility.

The merger agreement provides that Aetna will, promptly upon request by Coventry, reimburse Coventry for all reasonable and documented out-of-pocket costs and expenses (including reasonable attorneys' fees) incurred by Coventry or any of its subsidiaries in connection with their cooperation in connection with Aetna's acquisition-related financing activities. Aetna and Merger Sub have also agreed to, on a joint and several basis, indemnify and hold harmless Coventry, its subsidiaries, and their respective representatives from and against any and all liabilities, losses, damages, claims, costs expenses (including attorneys' fees), interest, awards, judgments and penalties suffered or incurred in connection with any financing or other securities offering of Aetna or its subsidiaries or any assistance or activities provided in connection therewith.

### ***Compliance with Coventry's Existing Indentures***

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Coventry has agreed to use its reasonable best efforts to timely provide or cause to be provided, in accordance with the provisions of the indentures governing its outstanding notes, to the trustee under each such indenture, any notices, announcements, certificates or legal opinions required by such Indenture to be provided in connection with the merger prior to completion of the merger.

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**Proxy Statement and Registration Statement Covenant**

Subject to certain conditions described in the merger agreement, Coventry and Aetna have agreed to cooperate (i) in connection with the preparation and filing with the SEC, as promptly as reasonably practicable after the date of the merger agreement, this proxy statement/prospectus, (ii) in determining whether any action by or in respect of, or filing with, any governmental authority is required, or any actions, consents, approvals or waivers are required to be obtained from parties to any material contracts, in connection with completion of the transactions contemplated by the merger agreement and (iii) in taking such actions or making any such filings, furnishing information required in connection therewith or with the proxy statement or the registration statement and seeking timely to obtain any such actions, consents, approvals or waivers.

Coventry and Aetna will use their respective reasonable best efforts to cause (i) each of the proxy statement and the registration statement, and any amendments or supplements thereto, when filed, to comply as to form in all material respects with the applicable requirements of the Exchange Act and the Securities Act, respectively, (ii) the proxy statement and the registration statement to be cleared by the SEC and the registration statement to become effective under the Securities Act as promptly as practicable after filing and (iii) the registration statement to remain effective as long as is necessary to complete the merger and the other transactions contemplated by the merger agreement.

Coventry will use its reasonable best efforts to cause the proxy statement (and all other proxy materials for its stockholders' meeting) to be mailed to its stockholders as promptly as practicable after the registration statement becomes effective, and, except to the extent that the Coventry board of directors makes an adverse recommendation change as described under "No Solicitation by Coventry" beginning on page 107 of this proxy statement/prospectus, such proxy statement will contain the recommendation of Coventry's board of directors that Coventry stockholders vote in favor of adoption of the merger agreement.

**Indemnification and Insurance**

The merger agreement provides that, from and after completion of the merger, Aetna will (and Aetna will cause Coventry, as the surviving corporation in the merger, to), to the fullest extent permitted by applicable law, indemnify, defend and hold harmless, and, subject to certain conditions, promptly advance expenses from time to time as incurred to, the present and former directors, officers and employees of Coventry and its subsidiaries (who are collectively referred to in this proxy statement/prospectus as indemnified persons) from and against any and all costs or expenses (including attorneys' fees, expenses and disbursements), judgments, fines, losses, claims, damages, penalties, liabilities and amounts paid in settlement in connection with any actual or threatened claim, action, suit, proceeding or investigation arising out of, relating to or in connection with any circumstances, developments or matters in existence, or acts or omissions occurring or alleged to occur, prior to or at completion of the merger in their capacities as officers, directors and employees of Coventry.

The merger agreement also provides that, from and after completion of the merger, Coventry, as the surviving corporation in the merger, will (and Aetna will cause Coventry, as the surviving corporation in the merger, to), maintain in effect the provisions in its organizational documents to the extent they provide for indemnification, advancement and reimbursement of expenses and exculpation of indemnified persons, as applicable, with respect to facts or circumstances occurring at or prior to completion of the merger, on the same basis as set forth in the certificate of incorporation and bylaws of Coventry in effect on the date of the merger agreement, to the fullest extent permitted from time to time under applicable law.

The merger agreement provides that, prior to completion of the merger, Coventry will, in consultation with Aetna, obtain a six-year extended reporting period endorsement with respect to its currently existing directors' and officers' liability insurance and fiduciary liability insurance, which endorsement will contain coverage that is at least as protective to the persons covered by such currently existing insurance, and Coventry will maintain such endorsement in full force and effect for its full term. However, if the aggregate cost for such "tail" policy exceeds 300% of the per

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annum rate of premium paid by Coventry for its existing coverage, then Coventry may only procure the maximum amount of coverage that is then available for 300% of such annual premium. Such endorsement will be placed through brokers and with insurance carriers specified by Aetna and as are reasonably acceptable to Coventry.

Aetna and Coventry have agreed that the rights of each indemnified person described in this section of this proxy statement/prospectus are in addition to any rights such person may have under Coventry's (or any of its subsidiaries') organizational documents, under any applicable law or under any agreement between such indemnified person and Coventry (or any of its subsidiaries), and Aetna will, and will cause Coventry, as the surviving corporation in the merger, to, honor and perform under all indemnification agreements entered into by Coventry or any of its subsidiaries. Aetna's obligations described in this section of this proxy statement/prospectus may not be terminated or modified in a way that adversely affects any indemnified person unless the affected indemnified person consents in writing. If any indemnified person makes any claim for indemnification or advancement of expenses pursuant to the rights described in this section of this proxy statement/prospectus and such claim is denied by Aetna or Coventry, as the surviving corporation in the merger, and a court of competent jurisdiction determines that the indemnified person is entitled to such indemnification, then Aetna or Coventry will be required to pay such indemnified person's costs and expenses, including legal fees and expenses, incurred in connection with pursuing such claim against Aetna or Coventry.

**Employee Matters**

The merger agreement provides that (i) until the end of the calendar year in which the merger is completed, Aetna will provide to employees of Coventry and its subsidiaries as of completion of the merger who continue employment with Coventry (as the surviving corporation in the merger) or any of Aetna's subsidiaries, which employees are referred to in this proxy statement/prospectus as continuing employees, and for so long as they continue such employment during such period, compensation (including base salary, bonus and other incentive compensation opportunities) and employee benefits that are no less favorable in the aggregate than the compensation and employee benefits provided by Coventry and its subsidiaries to the continuing employees as in effect immediately prior to completion of the merger and (ii) for a period of two years following completion of the merger, Aetna will provide the continuing employees with severance benefits in amounts and on terms and conditions that are no less favorable than those provided to such individuals immediately prior to completion of the merger, as set forth in Coventry's Severance Pay Plan, effective January 1, 2012.

In addition, the merger agreement provides that, with respect to each employee benefit plan maintained by Aetna or any of its subsidiaries in which continuing employees become eligible to participate, Aetna will (i) waive all preexisting conditions, exclusions and waiting periods with respect to participation and coverage requirements applicable to such continuing employees under any health and welfare plan, (ii) recognize such continuing employees' service accrued (or otherwise credited by Coventry or its subsidiaries) prior to completion of the merger for all purposes under such plans (except for the purposes of benefit accrual under any defined benefit pension plan), provided that credit will not be given to the extent it would result in the duplication of benefits for the same period of service and (iii) if applicable, cause to be credited any deductibles or out-of-pocket expenses incurred by the continuing employees and their beneficiaries and dependents during the portion of the calendar year prior to their participation in Aetna's health plans to avoid any double counting during the year in which the merger is completed of such deductibles or out-of-pocket expenses.

Under the terms of the merger agreement, none of the matters described under this section of this proxy statement/prospectus will (i) obligate Aetna, Coventry (as the surviving corporation in the merger), or any of their respective affiliates to retain the employment of any particular employee, (ii) prohibit Aetna or its affiliates from revising, amending or terminating any employee benefit plan, (iii) be construed as an amendment of any employee benefit plan or (iv) create any third-party beneficiary rights in any director, officer, employee or individual independent contractor (including former directors, officers, employees or individual independent contractors) of Coventry or any of its subsidiaries (including any beneficiary or dependent of such individual). Except as set forth in the immediately preceding sentence, after completion of the merger Aetna will (or, as

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applicable, cause its subsidiaries to) honor all obligations under all employee benefit plans that exist on the date of the merger agreement (or as established or amended in accordance with or permitted by the merger agreement) that apply to any current or former employee, or current or former director, of Coventry or its subsidiaries.

### **Tax Matters**

As more fully described in the merger agreement, Coventry has agreed that, unless Aetna otherwise consents (which consent may not be unreasonably withheld, conditioned or delayed), and subject to certain exceptions and qualifications described in the merger agreement, neither Coventry nor any of its subsidiaries will: (i) make or change any tax election; (ii) change any annual tax accounting period; (iii) adopt or change any method of tax accounting; (iv) enter into any closing agreement with respect to taxes; (v) consent to any extension or waiver of the limitations period applicable to any tax claim or assessment; (vi) file any amended tax returns or claims for tax refunds; (vii) settle or surrender any material tax claim, audit or assessment; or (viii) surrender any right to claim a tax refund.

### **Other Agreements**

The merger agreement contains certain other covenants and agreements, including covenants and agreements requiring, among other things, and subject to certain exceptions and qualifications described in the merger agreement:

Coventry to provide Aetna and its representatives with reasonable access to Coventry's offices, properties, contracts, books and records;

Coventry to advise Aetna of any stockholder litigation against Coventry or any of its directors relating to the merger agreement or the merger, to give Aetna the right to consult with Coventry regarding the defense or settlement of any such stockholder litigation and not to settle any such stockholder litigation without Aetna's prior consent (which consent may not be unreasonably withheld or delayed);

Coventry to use commercially reasonable efforts to consult with Aetna on strategic and operational matters and, if requested by Aetna, to form a joint transition team which will be responsible for facilitation of a transition and integration planning process;

subject to certain exceptions, the parties to consult with each other before issuing any press release, making any public statement or taking certain other actions, in each case with respect to the merger agreement or the merger; and

Coventry and Aetna to notify the other of certain events.

### **Termination of the Merger Agreement**

The merger agreement may be terminated at any time before completion of the merger, whether before or after Coventry stockholders have adopted the merger agreement, in any of the following ways:

by mutual written consent of Aetna and Coventry;

by either Aetna or Coventry, if:



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the merger has not been completed on or before August 19, 2013, which is referred to in this proxy statement/prospectus as the initial end date, unless all conditions to completion have been satisfied on the initial end date other than the regulatory approvals condition and either Aetna or Coventry elects to extend the initial end date to November 19, 2013, which together with the initial end date is referred to in this proxy statement/prospectus as the end date, in which case the merger agreement may be terminated by either Aetna or Coventry if the merger has not been completed on or before November 19, 2013. However, the right to terminate the merger agreement at the end date or extend the initial end date to November 19, 2013 will not be available to any party whose breach of any provision of the merger agreement results in the failure of the merger to be completed by such time. If the initial end date is extended to November 19, 2013 and

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the merger has not been completed on or before November 19, 2013, before exercising the right to terminate the merger agreement as described in this bullet, Aetna or Coventry, as applicable, will, if requested by the other, consider in g