

AETNA INC /PA/
Form DEFA14A
April 09, 2012

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities

Exchange Act of 1934 (Amendment No.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

AETNA INC.

(Name of Registrant as Specified In Its Charter)

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

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No fee required.

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Aetna proxy available; executive compensation explained

Aetna's annual proxy statement has been posted online for shareholders and the general public. The proxy statement summarizes 2011 compensation for Aetna's five highest paid executives. Given the public focus on administrative costs of health insurers, we anticipate some media attention on executive compensation. The following explains some key aspects of our executive compensation philosophy.

Executive compensation is tied to performance. A significant portion of executive pay varies each year. Aetna had a successful 2011 based on a number of internal and external metrics, including strong operating earnings and underwriting margin. As a result, the annual bonus plan was funded at 164.9 percent of target, and executive compensation for 2011 reflected our strong performance last year. Aetna's overall bonus payout to all employees for 2011 exceeded \$269 million.

Executives are required to own a certain amount of Aetna stock. Requiring leaders to invest in the company they lead aligns the interests of our executives with our shareholders.

Aetna's executive compensation philosophy reinforces the importance of delivering value to our shareholders. Aetna believes that a significant portion of executive compensation should be variable and based on meeting defined performance goals and/or stock price change. For this reason, not all of an executive's pay is predictable. In addition to a base salary, executives receive stock-based compensation. The value of this stock-based compensation typically depends on Aetna's stock price and whether Aetna achieves financial goals set at the time of the grant. Some grants expire with no value. In other words, executive compensation has some elements of certainty (base salary) and other elements that represent potential, but not guaranteed value.

The enterprise performance goals, salaries and variable pay for Aetna's most senior leaders are reviewed and approved each year by the Aetna Board of Directors' Committee on Compensation and Organization. Executives' compensation is designed to be competitive relative to our closest competitors, as well as certain companies we compete against for talent and capital. Ultimately, pay decisions for senior leadership are based on the competitive environment and each executive's contributions towards achieving financial and other goals that are linked to the Company's business strategy.