# FORM A AMENDMENT NO. 1

## STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER

**COVENTRY HEALTH CARE OF MISSOURI, INC.,**
**HEALTHCARE USA OF MISSOURI, LLC,**
**CAMBRIDGE LIFE INSURANCE COMPANY,**
**COVENTRY HEALTH AND LIFE INSURANCE COMPANY**
**SUBSIDIARIES OF COVENTRY HEALTH CARE, INC.**
**(the "Domestic Insurers")**

**by**

**AETNA INC.**
**(the "Applicant" or "Aetna")**

Amendment Number 1 to Form A filed September 17, 2012:

The above referenced Aetna Form A is hereby amended to add Coventry Health and Life Insurance Company to the Form A as a result of its redomestication from Delaware to Missouri effective as of the effective date of the redomestication. The amended and restated Form A is attached hereto along with a comparison version showing the changes made to the Form A to reflect that Coventry Health and Life Insurance Company is a Missouri domestic insurance company.

**FORM A**

**STATEMENT REGARDING THE ACQUISITION OF CONTROL OF OR MERGER WITH A DOMESTIC INSURER**

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**HEALTHCARE USA OF MISSOURI, LLC,**
**CAMBRIDGE LIFE INSURANCE COMPANY,**
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**SUBSIDIARIES OF COVENTRY HEALTH CARE, INC.**
**(the "Domestic Insurers")**

**by**

**AETNA INC.**
**(the "Applicant" or "Aetna")**

Filed with the Insurance Department of the State of Missouri

Dated: September 11, 2012

Names, titles, addresses and telephone numbers of individuals to whom notices and correspondence concerning this Statement should be addressed:


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## ITEM 1. DOMESTIC INSURER AND METHOD OF ACQUISITION

This Statement relates to the proposed acquisition by Aetna Inc., a Pennsylvania corporation ("Aetna"), of Coventry Health Care of Missouri, Inc. (a health maintenance organization), HealthCare USA of Missouri, LLC (a health maintenance organization), Cambridge Life Insurance Company (an insurance company) and Coventry Health and Life Insurance Company (an insurance company), all domiciled in the State of Missouri (the "Domestic Insurers"). The Domestic Insurers are direct wholly-owned subsidiaries of, and controlled by, Coventry Health Care, Inc. ("Coventry"). Coventry is a publicly traded Delaware holding company for various insurance companies, health maintenance and dental maintenance organizations and related organizations. Coventry Health Care of Missouri, Inc. and HealthCare USA of Missouri, LLC maintain their main administrative office and principal business at 550 Maryville Center Drive, Suite 300, St. Louis, MO 63141-5818. Cambridge Life Insurance Company maintains its main administrative office at 3200 Highland Avenue, Downers Grove, IL 60515. Coventry Health and Life Insurance Company maintains its main administrative office at 6720 Rockledge Drive, Suite 700, Bethesda, MD 20817. The current organizational chart of the Domestic Insurers and their affiliates is shown on the chart attached hereto as Exhibit 2 and is incorporated by reference herein.

The Applicant proposes to acquire control of the Domestic Insurers in connection with its acquisition of Coventry (the "Transaction"). Specifically, the Transaction contemplates that Coventry will merge (the "Merger") with Jaguar Merger Subsidiary, Inc., a direct wholly-owned subsidiary of Aetna established specifically for the Transaction ("Merger Subsidiary"). As a result of the Transaction, Coventry (the surviving entity) will become a direct wholly-owned subsidiary of Aetna. The terms and conditions governing the Transaction are further described in the Aetna Securities and Exchange Commission Form 8-K dated August 22, 2012 ("Form 8-K") attached as Exhibit 11, and set forth in the Agreement and Plan of Merger dated as of August 19, 2012 (the "Acquisition Agreement") among Coventry, Aetna, and Merger Subsidiary which is attached hereto as Exhibit 1, and both incorporated by reference herein.

Under the terms of the Acquisition Agreement, following the consummation of the Transaction, Applicant will be the ultimate parent company of, and will thus control, the Domestic Insurers. Attached as Exhibit 4-B is a pro forma chart reflecting the organizational structure of the Applicant and its affiliates following the consummation of the Transaction based on Aetna's and Coventry's respective current organizational structures.

The Transaction will provide both Aetna's and Coventry's health care members and insureds with access to the combined resources and expertise of both organizations. Over time, Applicant anticipates that the Transaction will lower overall administrative costs for the combined organization, helping Applicant offer employer groups, governmental customers and individual consumers affordable, high-quality health care

coverage and related services. As a result, the Transaction should benefit both Aetna's and Coventry's members and insureds specifically and the insurance buying public in general.

The parties' respective obligations under the Acquisition Agreement to consummate the Transaction are subject to the prior satisfaction of certain conditions, including the approval from Coventry's stockholders, expiration or termination of the applicable waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended, ("HSR Act") and receipt of all specified regulatory approvals. The Transaction does not require the approval of Aetna's shareholders. The parties to the Acquisition Agreement intend to close the Transaction as soon as practicable following receipt of these approvals, the expiration or termination of the applicable waiting period under the HSR Act and the satisfaction of the other closing conditions.

## ITEM 2. IDENTITY AND BACKGROUND OF THE APPLICANT

**(a) Name and Address of the Applicant** The name and business address of the Applicant seeking to acquire control of the Domestic Insurers is as follows:

Aetna Inc.
151 Farmington Avenue
Hartford, Connecticut 06156-3124

**(b) Nature of the Applicant's Business.**

Aetna is a publicly-owned and traded company whose stock is traded on the New York Stock Exchange under the trading symbol AET. Aetna is one of the nation's leading diversified health care benefits companies, serving approximately 36.7 million people with information and resources to help them make better informed decisions about their health care. Aetna offers a broad range of traditional, voluntary and consumer-directed health insurance products and related services, including medical, pharmacy, dental, behavioral health, group life and disability plans, and 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.

Aetna's operations are conducted in three business segments: Health Care, Group Insurance and Large Case Pensions. Detailed descriptions of each of Aetna's business segments and the nature of Aetna's business for the past five years are set forth in Item 1 of each of Aetna's Annual Reports on Form 10-K for 2007 through 2011. Copies of Item 1 of each of these Annual Reports on Form 10-K collectively are attached hereto as Exhibit 5 (A-E), and are incorporated by reference herein. Attached hereto as Exhibit 9 (A-E) are Aetna's annual reports to shareholders, including audited consolidated financial statements for the years ended 2007 through 2011. Attached hereto as Exhibit 6 (A-B)

and incorporated by reference herein are Aetna's Quarterly Reports on Form 10-Q for the quarters ended March 31, 2012 and June 30, 2012.

**(c) Organizational Chart**. Attached as Exhibit 4-A is a chart as of June 30, 2012 presenting the identities and interrelationships among the Applicant and all affiliates of the Applicant, including the percentage of voting securities of each such entity that is owned or controlled by Aetna, the type of organization and the state or other place of domicile. Missouri Care Incorporated is a subsidiary of the Applicant domiciled in Missouri. Aetna Dental Inc., Aetna Health Inc., Aetna Health Insurance Company, Aetna Insurance Company of Connecticut, Aetna Life Insurance Company, American Continental Insurance Company and Continental Life Insurance Company of Brentwood, Tennessee are subsidiaries of Applicant licensed in the state of Missouri.

There are no court proceedings involving a reorganization or liquidation pending with respect to Aetna or any entity identified on Exhibit 4-A.

## ITEM 3. IDENTITY AND BACKGROUND OF INDIVIDUALS ASSOCIATED WITH THE APPLICANT

**(a)** Directors and Executive Officers' Business Addresses. A list setting forth the names and business addresses of the current directors and executive officers of the Applicant is attached as Exhibit 3. The directors and executive officers of the Applicant will not change as a result of the consummation of the Transaction.

**(b)** Present Principal Business Activity, Occupation or Employment. The present principal business activity, occupation or employment, including positions and offices held, and the name, principal business and address of any corporation or other organization in which such employment is carried on, with respect to the directors and executive officers of the Applicant identified on Exhibit 3, are included in the biographical affidavits for such persons attached hereto as Exhibit 7 and are incorporated by reference herein.

**(c)** Material Occupations, Positions, Offices or Employment. The material occupations, positions, offices or employment during the last five years, including the starting and ending dates of each and the name, principal business and address of any business corporation or other organization in which each such occupation, position, office or employment was carried on, with respect to the directors and executive officers of the Applicant identified on Exhibit 3, are included in the biographical affidavits for such persons attached hereto as Exhibit 7. Except as set forth in Exhibit 7, no such occupation, position, office or employment required licensing by or registration with any federal, state or municipal governmental agency. The current status of any such licensing or registration, and an explanation of any surrender, revocation, suspension or disciplinary proceedings in connection therewith, if any, will be stated in such biographical affidavits.

To the best of Aetna's knowledge based upon information provided to Aetna by its shareholders, there are no shareholders owning 10% or more of any class of Aetna's voting securities or who will own 10% or more of any class of Aetna's voting securities following the consummation of the Transaction.

(d) Criminal Proceedings. To the best knowledge, information and belief of the Applicant, no person identified on Exhibit 3 has been convicted in a criminal proceeding (excluding minor traffic violations) during the last ten years.

(e) Independent third party verification reports have been ordered and will be sent to the Missouri Insurance Department.

## ITEM 4. NATURE, SOURCE AND AMOUNT OF CONSIDERATION

**(a)** Nature, Source and Amount of Consideration. As described in the Acquisition Agreement and the Form 8-K, a copy of which is attached as Exhibit 1 and Exhibit 11, respectively, in consideration for the Merger, each outstanding share of Coventry's common stock (other than shares held, directly or indirectly, by Coventry or Aetna and other than those shares with respect to which appraisal rights are properly exercised) will be converted into the right to receive (i) 0.3885 shares of Aetna's common stock and (ii) $27.30 in cash, without interest. Aetna expects to finance the cash portion of the transaction with approximately $1.2 billion of cash that is projected to be available at Aetna and Coventry at the time of the Merger closing and by issuing approximately $2.5 billion of new debt and commercial paper. Aetna will also assume all of Coventry's outstanding debt, which totals approximately $1.6 billion. The total dollar value of the Transaction is approximately $7.3 billion, based on the closing price of Aetna common shares on August 17, 2012.

Consummation of the Transaction will require approval from Coventry's stockholders and is conditioned upon the expiration or termination of the applicable waiting period under the HSR Act, and other customary closing conditions, including receipt of specified regulatory approvals. The Transaction does not require the approval of Aetna's shareholders. The parties to the Acquisition Agreement intend to close the Transaction as soon as practicable following receipt of these approvals, the expiration or termination of the applicable waiting period under the HSR Act and the satisfaction of the other closing conditions.

**(b)** Criteria Used in Determining Nature and Amount of Consideration. The Applicant performed a comprehensive due diligence investigation and reviewed among other things, the financial statements, operations and legal documents of Coventry and its subsidiaries. The Applicant utilized widely accepted valuation techniques to obtain an indication of value for determining the amount of consideration and also considered such additional factors and information as the Applicant deemed relevant under the circumstances including, but not limited to, the financial position and results of operations of Coventry and its subsidiaries, their past and current business operations, historical and potential earnings, financial condition and prospects, and assets and

liabilities. Applicant utilized financial advisors and legal counsel and received the opinion of each of Goldman, Sachs & Co. and UBS Securities LLC, financial advisors, to the effect that, as of the date of the Acquisition Agreement, the Merger Consideration (as defined in the Acquisition Agreement) paid was fair to the holders of the Applicant's common stock from a financial point of view. In addition, the basis and terms of the Transaction, including the nature and amount of consideration, were determined by arm's-length negotiations between the respective management and representatives of the Applicant and Coventry. The respective boards of directors of the Applicant and Coventry have approved the transactions contemplated by the Acquisition Agreement.

## ITEM 5. FUTURE PLANS FOR INSURER

Aetna has no present plans or proposals following the consummation of the Transaction to cause the Domestic Insurers to declare any extraordinary dividend, to liquidate the Domestic Insurers, to sell any material portion of the assets, to merge it with any other person or persons or to make any other material change in the Domestic Insurers' business or corporate structure or management. From time to time following the consummation of the Transaction, Aetna may assess the advisability of causing the Domestic Insurers to declare a dividend. Such determination and any declaration would be effected in compliance with all applicable statutory and regulatory requirements.

Following the consummation of the Transaction, the Domestic Insurers will maintain their separate corporate existence and will be a wholly-owned subsidiary of Aetna. No specific material changes in the Board of Directors or senior management or operations of the Domestic Insurers are currently planned as part of the Transaction or immediately after the Transaction other than to replace any current Board members or employees who resign following the consummation of the Transaction. If any such changes were to occur following the consummation of the Transaction, they would be communicated to the Insurance Department as appropriate and as required by law and would be effected in compliance with all applicable statutory and regulatory requirements.

After the Transaction is consummated and as part of the ongoing integration of the management and operation of Aetna's health businesses and Coventry's health businesses, which Aetna is acquiring, Aetna may choose, from time to time, to combine the operations of two or more of its subsidiaries (including the Domestic Insurers) into a single entity where such subsidiaries operate in the same state or other geography and/or to terminate existing and enter into new affiliate or intercompany agreements such as Federal tax sharing agreements. Any such combination or any changes to affiliate or intercompany agreements proposed to be made with respect to the Domestic Insurers following the Transaction would be implemented subject to and after any required insurance regulatory approvals (including of the Insurance Department), as appropriate and as required by law, and would be effected in compliance with all applicable statutory and regulatory requirements.

## ITEM 6. VOTING SECURITIES TO BE ACQUIRED

Coventry currently owns directly all issued and outstanding shares of the Domestic Insurers' voting capital stock. As discussed above, Aetna plans to acquire control of the Domestic Insurers through the acquisition of 100% of the issued and outstanding capital stock of Coventry, the Domestic Insurers' ultimate parent company. Upon and following completion of the Transaction, Aetna will indirectly own and control all the shares of the Domestic Insurers' issued and outstanding capital stock.

The terms and conditions of the Transaction are set forth in the Acquisition Agreement attached as Exhibit 1 and are discussed in Items 1 and 4 above. The discussion in Item 4 relating to the criteria used in determining the nature and amount of consideration to be conveyed for the Transaction and the transactions contemplated thereby is incorporated herein by reference as the statement of the method by which the fairness of the proposed Transaction was derived.

## ITEM 7. OWNERSHIP OF VOTING SECURITIES

Coventry currently beneficially owns directly 100% of the outstanding voting securities of the Domestic Insurers. Neither Applicant, nor its affiliates nor any person identified on Exhibit 3 currently beneficially owns any voting securities of the Domestic Insurers or has any right to acquire beneficial ownership of any voting security issued by the Domestic Insurers.

## ITEM 8. CONTRACTS, ARRANGEMENTS, OR UNDERSTANDINGS WITH RESPECT TO VOTING SECURITIES OF THE INSURER

The Acquisition Agreement contemplates that immediately following the Transaction, Aetna indirectly will own 100% of the capital stock of the Domestic Insurers. Except as set forth in the preceding sentence of this Item 8, there are no contracts, arrangements or understandings, whether oral or written, with respect to any voting security issued by the Domestic Insurers in which Aetna, any affiliate of Aetna or any person identified on Exhibit 3 is involved.

## ITEM 9. RECENT PURCHASES OF VOTING SECURITIES

During the past twelve (12) calendar months preceding the filing of this Statement, neither the Applicant, its affiliates nor any person identified on Exhibit 3 has purchased any voting securities of the Domestic Insurers.

## ITEM 10. RECENT RECOMMENDATIONS TO PURCHASE

Neither the Applicant, nor its affiliates nor any person identified on Exhibit 3, nor anyone else based upon interviews or at the suggestion of the Applicant, its affiliates or any person identified on Exhibit 3, made any recommendations to purchase any voting security of the Domestic Insurers during the twelve (12) calendar months preceding the filing of this Statement.

## ITEM 11. AGREEMENTS WITH BROKER-DEALERS

Neither Aetna nor any of its affiliates nor any person identified on Exhibit 3 has or will have any contract, understanding or agreement with any broker-dealers as to the solicitation of any voting security for tender issued by the Domestic Insurers.

## ITEM 12. FINANCIAL STATEMENTS AND EXHIBITS

(a)-(b) Financial Statements and Exhibits. The following is a list of the financial statements and exhibits filed with this Statement:

| | |
|---|---|
| Exhibit 1 | Agreement and Plan of Merger dated as of August 19, 2012 (the "Acquisition Agreement") among Coventry, Aetna and Merger Subsidiary. |
| Exhibit 2 | Current organizational chart of Coventry and its affiliates. |
| Exhibit 3 | Directors and executive officers of the Applicant. |
| Exhibit 4-A | Current organizational chart of Aetna and its affiliates. |
| Exhibit 4-B | Pro Forma Organizational chart of Aetna and its affiliates following the Transaction. |
| Exhibit 5-A | Item 1 of Aetna's 2011 Annual Report on Form 10-K. |
| Exhibit 5-B | Item 1 of Aetna's 2010 Annual Report on Form 10-K. |
| Exhibit 5-C | Item 1 of Aetna's 2009 Annual Report on Form 10-K. |
| Exhibit 5-D | Item 1 of Aetna's 2008 Annual Report on Form 10-K. |
| Exhibit 5-E | Item 1 of Aetna's 2007 Annual Report on Form 10-K. |
| Exhibit 6-A | Aetna's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012. |
| Exhibit 6-B | Aetna's Quarterly Report on Form 10-Q for the quarter ended June 30, 2012. |
| Exhibit 7 | NAIC Biographical Affidavits of Directors and Executive Officers of Aetna. *The Applicant is requesting confidential treatment with respect to these biographical affidavits and will be filing them under separate cover.* |
| Exhibit 8-A | Coventry's 2011 Annual Report to Stockholders |
| Exhibit 8-B | Coventry's 2010 Annual Report to Stockholders |

Exhibit 9-A Aetna's 2011 Annual Report to Shareholders (including audited consolidated Financial Statements and the independent auditors' report thereon).

Exhibit 9-B Aetna's 2010 Annual Report to Shareholders (including audited consolidated Financial Statements and the independent auditors' report thereon).

Exhibit 9-C Aetna's 2009 Annual Report to Shareholders (including audited consolidated Financial Statements and the independent auditors' report thereon).

Exhibit 9-D Aetna's 2008 Annual Report to Shareholders (including audited consolidated Financial Statements and the independent auditors' report thereon).

Exhibit 9-E Aetna's 2007 Annual Report to Shareholders (including audited consolidated Financial Statements and the independent auditors' report thereon).

Exhibit 10 Three Year Financial Projections of the Domestic Insurers. *The Applicant is requesting confidential treatment with respect to these biographical affidavits and will be filing them under separate cover.*

Exhibit 11 Aetna Form 8-K filed August 22, 2012.

Exhibit 12 Form E. *The Applicant is requesting confidential treatment with respect to the Form E and will be filing this under separate cover.*

**(c)** Other Information. There are no tender offers for, requests or invitations for, tenders of, exchange offers for or agreements to acquire or exchange any voting security of the Domestic Insurers, or additional soliciting materials relating thereto, any proposed employment, consultation, advisory or management contracts concerning the Domestic Insurers entered into in connection with the Transaction, nor annual reports to the stockholders of the Domestic Insurers or the Applicant for the last two fiscal years, other than as disclosed herein.

## ITEM 13. AGREEMENT REQUIREMENTS FOR ENTERPRISE RISK MANAGEMENT

Applicant agrees to provide, to the best of its knowledge and belief, the information required by Form F within fifteen (15) days after the end of the month in which the acquisition of control occurs.