

STATE OF WASHINGTON

Phone: (360) 725-7000

MIKE KREIDLER
STATE INSURANCE COMMISSIONER
DECLARATION OF MAILING



FILED

I, MIKE KREIDLER, under penalty of perjury under the laws of the State of Washington that on the date listed below, I mailed or caused delivery of a true copy of this document to parties listed below
DATED this 16th day of February, 2007
at Tumwater, Washington.

OFFICE OF
INSURANCE COMMISSIONER

2007 FEB 16 P 12:05

Signed: Wendy Galloway

HEARINGS UNIT
Fax: (360) 664-2782

Hearings Unit, DIC
Patricia D. Petersen
Chief Hearing Officer

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Paralegal
(360) 725-7002
Wendyg@oic.wa.gov

BEFORE THE STATE OF WASHINGTON
OFFICE OF INSURANCE COMMISSIONER

In the Matter of the Disclaimer of Affiliation & Control of:)	
)	G2007-10
)	
AETNA HEALTH INC.,)	NOTICE OF HEARING ON
A Washington Domiciled Insurer,)	REQUEST FOR EXEMPTION
By CAPITAL GROUP COMPANIES, INC.)	
and CAPITAL GROUP COMPANIES)	
MANAGEMENT COMPANIES.)	

TO: James P. Ryan, Senior Vice President
Capital Group Companies, Inc.
333 South Hope Street
Los Angeles, CA 90071-1406

J. Michael Low, Esquire
Low & Childers, P.C.
333 South Hope Street
Phoenix, Arizona 85018

Tasha Cycholl, Esquire
Low & Childers, P.C.
333 South Hope Street
Phoenix, Arizona 85018

Bill Baskin, Esquire
Aetna Health Inc.
151 Farmington Avenue
Hartford, Connecticut 06156



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COPY TO: Mike Kreidler, Insurance Commissioner
Michael G. Watson, Chief Deputy Insurance Commissioner
James T. Odiorne, Deputy Commissioner, Company Supervision Div.
Carol Sureau, Deputy Commissioner, Legal Affairs Division
Charles Brown, Staff Attorney, Legal Affairs Division
Ronald Pastuch, Holding Company Manager, Company Supervision
Office of the Insurance Commissioner
PO Box 40255
Olympia, WA 98504-0255

Capital Group Companies, Inc. (CGC) wholly owns various subsidiaries (CGC Management Companies) which conduct the business of investment management. Specifically, CGC Management Companies provide investment management for their clients, who are mutual funds, institutional investors and individual investors. Aetna Group (Aetna) is a publicly held corporation that is the ultimate controlling person of Aetna Health Inc., a Washington domiciled corporation authorized by the Washington State Insurance Commissioner to operate as a health care service contractor in the state of Washington (Registration No. 161).

As of August 2006, Aetna reported that it had 547,700,000 authorized shares of voting common stock issued and outstanding, and that, as of that time, clients managed by CGC Management Companies held, collectively, 37,040,800 such shares, representing 6.76% of the voting common stock of Aetna.

CGC Management Companies are considering the acquisition of additional voting common stock of Aetna that may result in the mutual funds and client accounts owning, in the aggregate, in excess of 10% of the authorized, issued and outstanding voting common stock of Aetna. For this reason, in accordance with RCW 48.31B.015(5), on October 20, 2006, CGC and CGC Management Companies, by and through James P. Ryan, Senior Vice President, Capital Group Companies of Los Angeles, CA, filed a Disclaimer of Affiliation and Control of Aetna Health Inc. It is this Disclaimer of Affiliation and Control of Aetna Health Inc. which is the subject of the adjudicative proceeding herein.

CGC and CGC Management Companies assert that, after CGC Management Companies' proposed acquisition of additional voting common stock of Aetna, while the result may be that its clients may own, in the aggregate, in excess of 10% of the authorized, issued and outstanding voting common stock of Aetna, said aggregate ownership will not exceed 20% of the authorized, issued and outstanding voting common stock of Aetna. CGC and CGC Management Companies further assert that no individual client of CGC Management Companies will own more than 10% of the authorized, issued and outstanding voting common stock of Aetna. CGC and CGC Management Companies further assert that CGC's only affiliation with Aetna Health Inc. will result from the ownership of the voting common stock of Aetna by clients of the CGC Management Companies, and that neither CGC nor the CGC Management Companies have any other contracts, agreements or arrangements with Aetna or Aetna Health Inc., and that the CGC Management Companies do not own shares of Aetna for their own account and the shares held by their clients, and those shares which are proposed to be acquired, are not acquired for the purpose of affecting, changing, or influencing the control of

Aetna. Additionally, CGC and CGC Management Companies assert that certain of the clients of CGC Management Companies have delegated the authority to vote shares held by such clients to one of the CGC Management Companies, and that in such cases the CGC Management Companies vote shares in the best interests of their clients, which in most instances is in accordance with the position of management of the companies. Finally, CGC and CGC Management Companies assert that CGC Management Companies have not in the past submitted, nor will they in the future submit, any separate shareholder proposal for their own purposes and that neither CGC nor CGC Management Companies have ever proposed a slate of directors for companies owned by the clients of CGC Management Companies nor does it demand, as a consequence of its voting interest, to have a seat on the board of directors of any company.

Based upon its assertions above, CGC and CGC Management Companies maintain that they will not be an ultimate controlling person of Aetna as a consequence of the acquisition of shares of voting common stock of Aetna and request the undersigned to determine that neither CGC or CGC Management Companies will control Aetna Health Services as a consequence of CGC Management Companies' proposed acquisition of voting common stock of Aetna.

Pursuant to RCW 48.31B.015(5), the Insurance Commissioner may by order exempt certain transactions from the statutory requirements otherwise pertaining to agreements to merge or consolidate with, or otherwise acquire control of, a domestic insurer. Specifically, pursuant to RCW 48.31B.015(5)(b), the Insurance Commissioner may by order exempt from the requirements of RCW 48.31B.015 an *[o]ffer, request, invitation, agreement, or other acquisition* that the Insurance Commissioner determines as *(i) Not having been made or entered into for the purpose and not having the effect of changing or influencing the control of a domestic insurer, or (ii) otherwise not comprehended within the purposes of this section.*

Toward this end, the parties are advised that a duly authorized representative(s) of CGC, CGC Management Companies, and the Insurance Commissioner or his authorized representative, are expected to testify as to whether they believe that the statutory criteria for exemption under the aboverferenced statute have been met.

While live testimony from the parties will be taken during the hearing as to the above identified issues, written declarations from those parties are requested. Further, oral opening statements and oral closing arguments from CGC and CGC Management Companies are expected and a written closing argument is requested.

YOU ARE HEREBY NOTIFIED that a hearing will be held commencing at 9 a.m., Pacific Standard Time, on Wednesday, March 21, 2007, in the Office of the Insurance Commissioner, 5000 Capitol Boulevard, Tumwater, Washington 98501, to consider the Disclaimer of Affiliation & Control of Aetna Health Inc. by CGC and CGC Management Companies. Pursuant to request of CGC and CGC Management Companies, and pursuant to WAC 10-08-180(1), there being no objection from the Insurance Commissioner, and the undersigned having determined that the rights of the parties will not be prejudiced and each participant in the hearing shall have an opportunity to participate in, and to hear, the entire proceeding while it is taking place, this hearing shall be held by telephone.

The hearing will be held under the authority granted the Insurance Commissioner by Chapter 48.04 RCW and specifically RCW 48.31B.015(5), and shall have as its purpose consideration of CGC's and CGC Management Companies' request for an order exempting them from the ordinary statutory requirements pertaining to mergers, consolidations and other acquisitions of control of domestic insurers found in Chapter 48.31B RCW.

YOU ARE FURTHER NOTIFIED that all interested individuals and entities may submit comments on, or objections to, this proposed acquisition to the undersigned. Said comments or objections, which will be included in the hearing record and will be considered by the undersigned prior to her making her final decision, must be submitted by 5:00 p.m., Pacific Standard Time, on Tuesday, March 20, 2007, by fax, U.S. Mail, personal delivery, or e-mail. The fax number of the undersigned is (360) 664-2782, her mailing address is PO Box 40255, Olympia, WA 98504-0255, her delivery address is 5000 Capitol Boulevard, Tumwater, Washington 98501, and the e-mail address for her paralegal is Wendyg@oic.wa.gov. Further, pursuant to RCW 48.31B.015(4)(b), any person whose interest is or might be affected may present evidence, examine and cross-examine witnesses, and offer oral and written arguments, and in connection therewith may conduct discovery proceedings as authorized by Title 34 RCW.

Finally, all parties may participate in the hearing. They may examine witnesses and fully respond and present evidence and argument on all issues involved, as required by the Administrative Procedure Act. The hearing will be governed by the Administrative Procedure Act, Chapter 34.05 RCW, and the model rules of procedure contained in Chapter 10-08 WAC. A party who fails to attend or participate in any stage of the proceeding may be held in default in accordance with Chapter 34.05 RCW.

The Insurance Commissioner will be represented by Charles Brown, Esq., Senior Staff Attorney with the Legal Affairs Division, Office of the Insurance Commissioner, 5000 Capital Blvd., Tumwater, WA 98501, (360) 725-7044 or CharlesB@oic.wa.gov. CGC and CGC Management Companies will be represented by J. Michael Low, Esq. of Low & Childers, P.C., 333 South Hope Street, Phoenix, Arizona 85018, (602) 266-1166, or m_low@lowchilders.com and co-counsel, Tasha Cycholl, Esquire, Low & Childers, P.C., 333 South Hope Street, Phoenix, Arizona. Aetna Health Inc. will be represented by Bill Baskin, Esq. of Aetna Health Inc., 151 Farmington Avenue, Hartford, Connecticut 06156, (860) 273-6252 or baskinwc@aetna.com.

Based upon a delegation of authority from the Insurance Commissioner, the undersigned will conduct the hearing and will make the final decision and enter the final order relative to this matter without input from the Insurance Commissioner or his staff or any other individual who has knowledge of the issues herein, except as will be presented as evidence in the hearing. Her address is Office of the Insurance Commissioner, P.O. Box 40255, Olympia, WA 98504-0255 and her telephone number is (360) 725-7105. All questions or concerns should be directed to Wendy Galloway, paralegal to the undersigned, who may be reached at the telephone, e-mail and fax number specified above.

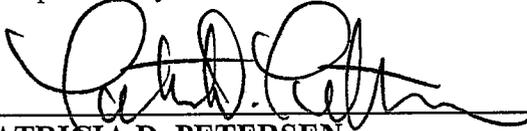
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On February 12, 2007, the undersigned held a first prehearing conference in this matter. The Insurance Commissioner appeared pro se by and through Charles Brown, Esq. CGC and CGC Management Companies were represented by J. Michael Low, Esq. and Tasha Cycholl, Esq. Aetna was represented by Bill Baskin, Esq. During said first prehearing conference, the undersigned identified the parties and responded to all questions and concerns of the parties. As stated above, should any party have any further questions or concerns prior to the hearing date, they are advised to telephone or e-mail Wendy Galloway, paralegal to the undersigned, for assistance or to schedule a second prehearing conference if necessary.

Pursuant to WAC 10-08-040(2) and in accordance with ch. 2.42 RCW, if a limited English-speaking or hearing impaired or speech impaired party or witness needs an interpreter, a qualified interpreter will be appointed. There will be no cost to the party or witness therefore, except as may be provided by ch. 2.42 RCW. Following this Notice is a form you may use to advise the Chief Hearing Officer of your need for an interpreter.

ENTERED at Tumwater, Washington, this 16th day of February, 2007, pursuant to Title 48 RCW and specifically RCW 48.31B.015, Title 34 RCW, and regulations applicable thereto.



PATRICIA D. PETERSEN

Presiding Officer

Chief Hearing Officer

STATE OF WASHINGTON

MIKE KREIDLER
STATE INSURANCE COMMISSIONER

Phone: (360) 725-7000



OFFICE OF
INSURANCE COMMISSIONER
HEARINGS UNIT

Fax: (360) 664-2782

Patricia D. Petersen
Chief Hearing Officer
(360) 725-7105

Wendy Galloway
Paralegal
(360) 725-7002
wendyg@oic.wa.gov

To request an interpreter, complete and mail this form to:

Chief Hearing Officer
Office of Insurance Commissioner
P.O. Box 40255
Olympia, Washington 98504-0255

REQUEST FOR INTERPRETER

I am a party or witness in Matter No. _____, before the Insurance Commissioner. I NEED AN INTERPRETER and request that one be furnished.

Please check the statements that apply to you:

I am a non-English-speaking person. I cannot readily speak or understand the English language. My primary language is _____ (insert your primary language). I need an interpreter who can translate to and from the primary language and English.

I am unable to readily understand or communicate the spoken English language because:

- I am deaf.
- I have an impairment of hearing.
- I have an impairment of speech.

[Please state below or on the reverse side any details which would assist the commissioner or presiding officer in arranging for a suitable interpreter, or in providing appropriate mechanical or electronic amplification, viewing, or communication equipment.]

Date: _____

Signed: _____

Please print or type your name: _____

Address: _____

Telephone: _____

Mailing Address: P.O. Box 40257 • Olympia, WA 98504-0257
Street Address: 5000 Capitol Blvd. • Tumwater, WA 98501

