May 15, 2017

Mark Bertolini
President and CEO
Aetna
151 Farmington Ave.
Hartford, CT

Dear Mr. Bertolini,

The Connecticut Department of Economic and Community Development (DECD) is pleased to provide this Letter of Intent in support of Aetna’s headquarters location and employment in Hartford, CT.

This letter and package of incentives is designed to retain Aetna’s corporate headquarters as well as approximately 5,800 current Connecticut employees. Additionally, we would like to create avenues for continued discussion on how to better support the company’s business goals and growth in the state, as Aetna expands over the coming years.

We recognize and are very grateful for the community-minded activity of the company for over a century. Your support of arts and cultural organizations, neighborhood activities, and of course the city of Hartford itself is greatly appreciated.

From our conversations with your team, we fully understand that Aetna wants to locate its headquarters in a community that reflects the company’s goals and values. We recognize that Hartford and the state have critical issues that must be addressed to become the vibrant, innovative and fiscally-stable location we all envision, and we want to re-emphasize our commitment to make that vision a reality. In fact, our proposed package of initiatives focuses extensively on making critical community-based investments – investments that will support Aetna and its employees as well as promote stability and growth in the region.

To recognize and further our mutual goal of improving the economy and vibrancy of the region, and in return for the Company retaining its headquarters and related jobs in the state, we propose the following set of initiatives to support the region and the Company. If you would prefer that this financing be targeted in its entirety to improve the city of Hartford and Aetna’s neighborhood, we would be happy to adapt our package accordingly and would welcome a Hartford partnership.

**Strengthening the City of Hartford**

We understand and appreciate how important the surrounding community is to Aetna and other major employers in the area. That’s why we created the Capital Region Development Authority and have funneled over $60 million to the city for housing (about 1000 units completed to date), infrastructure improvements, and neighborhood upgrades. Things are improving in Hartford. The city has now regained all the jobs lost in the great recession, and with the influx of millennials to the new apartment units, the downtown is becoming a magnet for young professionals. There is no doubt that much more remains to be done.
As part of our incentive package, we commit to continue support to the city financially in the coming years so that mill rates can be reduced, businesses can grow and financial stability obtained. That commitment will include additional funding for CRDA to continue the housing development downtown in in key neighborhoods (our goal remains 2000 new units in the city), as well as support for other initiatives requested by the Mayor. Continuing to make Hartford’s neighborhoods vibrant, safe and walkable that are inviting to both residents and employees remains a priority. We also want to work with you to identify areas important to the Company to target for some of this future financial support.

We recognize that the city of Hartford faces a structural budget challenge that must be addressed in a structural manner. The Governor’s 2018-2019 budget proposal supports the city with millions of additional funding to support schools, safety and operations. Furthermore, we are prepared to make additional commitments to achieve the goal of significant property tax relief within the next several years.

We appreciate all the support Aetna has provided directly (especially the recent announcement of support that Aetna, the Travelers and the Hartford) and indirectly to Hartford and its surroundings through charitable contributions and employee donations. We believe strong private sector support, such as you and other companies have shown, coupled with government investments, will pave the way to a renewed urban landscape for our capital.

Talent Development
The state has made significant investments in our education system to focus more resources on STEM related subjects. For example, the engineering school at UConn, home to the computer sciences programs as well as traditional engineering curriculum, is now 70% larger than it was only 4 years ago. Similarly, the state university and community colleges as well as the private colleges are increasing their focus on curriculums of greatest value to employers in the region. And, the administration is pushing for legislation to start our youngsters on the path to computer science earlier.

We intend to continue to dramatically increase the number of students enrolled and graduating in the STEM fields. Through our agreement, the State will financially support mutually agreed upon education and training programs each year to ensure the Company has access to the talent pool it requires.

I-84 project
Aetna is a key stakeholder in the planned improvements to the I-84 viaduct project. The State of Connecticut is committed to partner with Aetna to ensure its needs and preferences are incorporated into the design and construction. Understanding the potential disruption, the State will financially support the company’s need to relocate parking, manage impact on the Aetna campus, or provide other support as needed.

The I-84 viaduct is not the only improvement Hartford needs to be better connected to the Northeast region and beyond. Next year regular rail service between Hartford and New Haven will begin. And, the CT Airport Authority continues to work aggressively to bring new routes to the Hartford region.

Insurance Related Items
Connecticut is viewed as having one of the best insurance departments in the nation, and in large measure this reflects the fact that the depth of knowledge in the Hartford area is deep in insurance-related talent. A responsive, thoughtful and customer-focused department helps make product approvals and business requests easier and more efficient.

Governor Malloy has included in his state budget proposal, a reduction in the tax rate on insurance premiums from the current rate of 1.75 percent to 1.5 percent which will provide Aetna and Connecticut’s
domestic insurers with significant retaliatory tax relief in other states. We are committed to continue to work to provide additional premium tax relief in future years.

Direct Incentives to the Company:
As is highlighted in this letter, DECD recognizes that making investments in the local economy is an important part of retaining and growing companies. Our incentive proposal is largely composed of investments of this type. Additionally, we are prepared to offer the Company direct financial incentives, tailored directly to your needs from the array of options we can provide (forgivable loans, grants and tax credits), providing a package which matches the value level other states/cities may offer to you to move.

In summary, we believe Hartford and Connecticut should continue to be home base for Aetna. The region is transforming and growing:
- Building upon the depth of talent needed to run all facets of the company from insurance skills (actuarial, legal, accounting), technology (data analytics, mobile and web services, cyber security) and operational (call center, processing) with a commitment to invest further;
- Investing in the legacy of innovation and discovery through new ideas such as the Insurtech incubator/accelerator now under construction;
- Attracting young talent with in-town housing and activities; and
- Addressing head-on the fiscal issues that can and must be solved.

We hope you understand how committed the state is to ensuring Aetna is a part of the future Hartford and Connecticut story. Strides have been made over the last few years, but we know there is still more to be done; we hope Aetna will be a strong partner in and beneficiary of the improvements we have underway and will continue to invest in.

We look forward to working with you.

Sincerely,

[Signature]

Catherine H. Smith
Commissioner

860-270-8010

cc: Governor Dannel Malloy
    Karen Lynch
    Steve Kelmar