

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Millions)	Year Ended December 31		
	2003	2002	2001
Operating activities			
Net income	\$ 774.3	\$ 549.1	\$ 342.2
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized gains on investments	(17.8)	(30.4)	(60.8)
Loss (gain) on sale of subsidiary operations	1.6	(0.7)	(25.0)
Depreciation, amortization and accretion	245.0	157.0	120.5
Deferred income taxes	64.4	63.3	71.4
Loss on sale of assets	0.4	2.2	3.1
Changes in operating assets and liabilities, net of effect of purchases and divestitures:			
Restricted cash and investments	(9.7)	4.7	8.1
Receivables	(251.8)	(107.3)	(28.0)
Other assets	10.4	(5.5)	(16.7)
Policy liabilities	97.4	228.5	192.7
Unearned income	84.6	47.7	29.7
Accounts payable and accrued expenses	23.8	37.0	27.8
Other liabilities	59.3	20.2	(48.8)
Income taxes	61.5	25.3	38.4
Cash provided by operating activities	1,143.4	991.1	654.6
Investing activities			
Purchases of investments	(5,120.7)	(5,059.8)	(3,957.3)
Sales or maturities of investments	4,115.0	4,546.2	3,484.6
Purchases of subsidiaries, net of cash acquired	(3.5)	(789.6)	(4.1)
Sales of subsidiaries, net of cash sold	(3.1)	0.9	45.0
Proceeds from sale of property and equipment	9.4	13.7	4.1
Purchases of property and equipment	(110.7)	(123.3)	(70.4)
Cash used in investing activities	(1,113.6)	(1,411.9)	(498.1)
Financing activities			
Proceeds from long term borrowings	—	938.5	—
Payments on long term borrowings	(100.0)	—	—
Repurchase and retirement of common stock	(217.2)	(256.2)	—
Proceeds from employee stock purchase plan and exercise of stock options	57.0	30.9	—
Costs related to the issuance of common stock for the Trigon acquisition	—	(4.1)	—
Net proceeds from common stock issued in the initial public offering	—	—	1,890.4
Net proceeds from issuance of Equity Security Units	—	—	219.8
Payments and adjustments to payments to eligible statutory members in the demutualization	—	0.2	(2,063.6)
Cash provided by (used in) financing activities	(260.2)	709.3	46.6
Change in cash and cash equivalents	(230.4)	288.5	203.1
Cash and cash equivalents at beginning of year	694.9	406.4	203.3
Cash and cash equivalents at end of year	\$ 464.5	\$ 694.9	\$ 406.4

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in Anthem's 2003 Annual Report on Form 10-K.