

Consolidated Statements of Cash Flows

(in millions)	Year ended December 31		
	2004	2003	2002
Operating activities			
Net income	\$ 960.1	\$ 774.3	\$ 549.1
Adjustments to reconcile net income to net cash provided by operating activities:			
Net realized gains on investments	(42.5)	(16.2)	(31.1)
Loss on repurchase of debt securities	146.1	—	—
Depreciation and amortization, net of accretion	279.1	245.0	157.0
Deferred income taxes	(103.4)	(26.7)	(22.4)
Loss on sale of property and equipment	0.8	0.4	2.2
Changes in operating assets and liabilities, net of effect of business combinations:			
Receivables, net	(1.3)	(201.8)	126.7
Other assets	(89.9)	(141.7)	(317.9)
Policy liabilities	25.6	104.7	227.4
Unearned income	34.0	84.6	47.7
Accounts payable and accrued expenses	191.6	61.0	15.6
Income taxes payable	(125.5)	152.0	104.5
Other liabilities	28.5	123.4	135.3
Net cash provided by operating activities	1,303.2	1,159.0	994.1
Investing activities			
Purchases of investments	(7,249.3)	(5,136.3)	(5,062.8)
Proceeds from sales or maturities of investments	7,227.3	4,115.0	4,546.2
Purchases of subsidiaries, net of cash acquired	(2,239.9)	(3.5)	(789.6)
Proceeds from sale of subsidiaries, net of cash sold	—	(3.1)	0.9
Proceeds from settlement of cash flow hedges	15.7	—	—
Proceeds from sale of property and equipment	9.1	9.4	13.7
Purchases of property and equipment	(136.8)	(110.7)	(123.3)
Net cash used in investing activities	(2,373.9)	(1,129.2)	(1,414.9)
Financing activities			
Proceeds from commercial paper borrowings	793.2	—	—
Proceeds from long-term borrowings	1,770.2	—	938.5
Payments on long-term borrowings	(798.5)	(100.0)	—
Proceeds from issuance of common stock under Equity Security Units stock purchase contracts	230.0	—	—
Repurchase and retirement of common stock	(82.2)	(217.2)	(256.2)
Proceeds from employee stock purchase plan and exercise of stock options	159.0	57.0	31.1
Costs related to the issuance of common stock for WellPoint Health Networks Inc. merger and Trigon Healthcare, Inc. acquisition	(8.3)	—	(4.1)
Net cash provided by (used in) financing activities	2,063.4	(260.2)	709.3
Change in cash and cash equivalents	992.7	(230.4)	288.5
Cash and cash equivalents at beginning of year	464.5	694.9	406.4
Cash and cash equivalents at end of year	\$ 1,457.2	\$ 464.5	\$ 694.9

The information presented above should be read in conjunction with the audited consolidated financial statements and accompanying notes included in WellPoint's 2004 Annual Report on Form 10-K.