

News release

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Anthem, Inc. Reports Stronger than Expected Third Quarter Earnings

- **Results from every region, including the Southeast, exceeded expectations**
- **Adjusted earnings increased 33 percent, to \$1.05 per share**
- **Same-store membership grew by 7 percent**
- **Cash flow of \$381 million significantly exceeded net income**
- **Earnings expectations raised for balance of 2002 and 2003**

Indianapolis, IN – November 4, 2002 – Anthem, Inc. (NYSE: ATH) today reported that net income for the third quarter of 2002 increased 54 percent, to \$171.2 million, or \$1.29 per share, compared with net income of \$111.5 million, or \$1.07 per share, for the third quarter of 2001. Excluding net realized gains and non-recurring items in both periods, and on a FAS 142 comparable basis, net income for the third quarter of 2002 increased to \$139.0 million, or \$1.05 per share, compared with net income of \$81.8 million, or \$0.79 per share, for the third quarter of 2001.

Net income for the nine months of 2002 increased 48 percent, to \$377.2 million, or \$3.30 per share, compared with net income of \$254.5 million, or \$2.45 per share, for the same period of 2001. Excluding net realized gains and other non-recurring items in both periods, and on a FAS 142 comparable basis, net income for the nine months of 2002 increased to \$341.2 million, or \$2.99 per share, compared with \$226.5 million, or \$2.18 per share, for the same period of 2001.

“Membership growth, pricing discipline and favorable claims experience in each of our regions contributed to the excellent earnings growth and operating cash flow in the third quarter. This momentum and the strength in renewal activity for 2003 gives us added confidence in our ability to continue to deliver at least 15 percent annual earnings growth,” said Larry C. Glasscock, president and chief executive officer of Anthem, Inc.

“Our commitment to offering product choices, broad network access, and distinctive service continues to provide value to our customers, while also benefiting our shareholders,” added Glasscock.

Anthem’s Consolidated Highlights

- Adjusted earnings per share in the third quarter of 2002 increased to \$1.05, excluding \$0.04 per share for realized gains on investments and \$0.20 per share in favorable non-recurring federal income tax benefits associated with a reduction in the Company’s tax valuation allowance during the quarter. Sustained momentum in Anthem’s results over the last several quarters contributed to the recoverability of certain deferred tax assets that were previously uncertain. The third quarter results increased 33 percent compared with \$0.79 per share in the prior year’s third quarter. Last year’s earnings of \$0.79 per share excluded \$0.45 per share for realized gains on investments, \$0.13 per share for demutualization expenses, and \$0.04 per share for goodwill amortization that is no longer classified as an expense in accordance with FAS 142.

- On July 31, 2002 Anthem acquired Trigon Healthcare, Inc., creating a new Southeast segment. Trigon's results of operations since the purchase date have been included in consolidated results.
- Operating revenue increased 38 percent, to \$3.5 billion, compared with the third quarter of 2001. The increase was primarily attributable to the acquisition of Trigon, disciplined pricing, and solid membership growth across each line of business. Excluding the impact of the acquisition, operating revenue grew by 16 percent, to \$2.9 billion.
- Medical enrollment reached nearly 11 million members at September 30, 2002, representing a 40 percent increase compared with the third quarter of 2001, or 7 percent excluding the acquisition of Trigon. In addition to membership growth from the acquisition, enrollment gains were primarily due to growth in National Accounts and Individual businesses, coupled with strong membership retention in all segments.
- Operating margin of 5.5 percent continued to outpace the Company's historical highs, as operating gain increased 145 percent, to \$193.5 million, compared with the third quarter of 2001. In addition to the results from the Trigon acquisition, all core operating segments contributed positively to the earnings growth. Excluding results from the Trigon acquisition, operating gain increased 86 percent over the prior year's quarter and operating margin reached 5.0 percent.
- The benefit expense ratio improved by 360 basis points, to 81.5 percent, compared with 85.1 percent in the third quarter of 2001. The improvement was primarily due to lower than expected medical cost trends, coupled with a \$26.6 million favorable adjustment for prior year reserve developments in the third quarter of 2002 and the \$21.0 million unfavorable adjustment to strengthen reserves in the third quarter of 2001. Excluding the adjustments in both periods, the benefit expense ratio improved 180 basis points, to 82.4 percent. The impact of the Trigon acquisition was not material to the ratio improvement.
- Excluding the impact of the Trigon acquisition, commercial premium yields increased by approximately 15 percent, while commercial medical costs increased by approximately 13 percent during the 12-month period ended September 30, 2002. Medical costs continue to be driven primarily by outpatient service utilization and increased pharmacy costs.
- The administrative expense ratio was 19.5 percent, compared with 18.7 percent in the third quarter of 2001. The ratio was flat compared with the prior year's quarter excluding certain adjustments in the current quarter. These adjustments included \$23.0 million for additional premium tax expense in the state of Ohio, which was reported in the Midwest segment and a reduction of \$5.7 million in the carrying value of the Company's investment in MedUnite, which was reported in the Other segment. The ratio was not impacted materially by the acquisition of Trigon.
- Cash flow from operations reached \$381 million in the quarter, after absorbing a \$137 million payment to Anthem's employee pension plan. Cash flow was 52 percent above the third quarter of 2001 and more than double net income in the current quarter.
- Days in claims payable declined to 61.0 days at September 30, 2002, down 1.6 days from June 30, 2002. Excluding the impact of the Trigon acquisition, days in claims payable declined 1.0 day, driven primarily by system improvements that have led to more efficient claims processing, particularly in the East region. The efficiencies resulted in faster claims processing and a reduction in claims backlog.
- Approximately 1.2 million shares were repurchased by the Company for \$71.7 million during the quarter, leaving \$291 million in remaining authorization under the share repurchase program.

Anthem's Operating Segment Highlights

Midwest Segment Highlights

The Midwest segment is comprised of health benefit and related business for members in Indiana, Kentucky and Ohio.

(\$ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>
Operating Revenue	\$1,521.0	\$1,294.3	18%	\$4,481.4	\$3,761.0	19%
Operating Gain	\$67.3	\$34.3	96%	\$182.9	\$119.3	53%
Operating Margin	4.4%	2.7%	170 bp	4.1%	3.2%	90 bp
Membership (in 000s)	5,188	4,846	7%			

- Operating gain nearly doubled compared to the prior year's third quarter. The improvement was driven primarily by improved underwriting results in Local Large Group and Small Group businesses, and a \$15.7 million favorable development of prior year reserves. Also impacting this growth was a \$23.0 million unfavorable adjustment during the quarter to reflect the accrual of additional premium taxes in the state of Ohio and a \$11.2 million unfavorable reserve strengthening adjustment in the third quarter of 2001.
- Enrollment increased by 342,000 members, or 7 percent, compared with September 30, 2001, primarily due to membership gains in National and Individual businesses.

East Segment Highlights

The East segment is comprised of health benefit and related business for members in Connecticut, New Hampshire and Maine.

(\$ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>
Operating Revenue	\$1,078.8	\$941.1	15%	\$3,057.9	\$2,699.8	13%
Operating Gain	\$61.7	\$30.3	104%	\$156.8	\$78.7	99%
Operating Margin	5.7%	3.2%	250 bp	5.1%	2.9%	220 bp
Membership (in 000s)	2,408	2,225	8%			

- Operating gain improved 104 percent compared with the third quarter of 2001, as the segment reached another record-high operating margin of 5.7 percent. The Small Group business showed the most significant improvement relative to the prior year's quarter. Also contributing to the earnings growth was a \$9.4 million unfavorable reserve strengthening adjustment that impacted the third quarter of 2001. Excluding the reserve adjustment in 2001, operating gain increased by 55 percent and operating margin improved by 150 basis points.
- Membership increased by 8 percent since September 30, 2001, primarily due to growth in National Accounts.

West Segment Highlights

The West segment is comprised of health benefit and related business for members in Colorado and Nevada.

(\$ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	2002	2001	Change	2002	2001	Change
Operating Revenue	\$225.4	\$211.4	7%	\$682.6	\$568.3	20%
Operating Gain	\$31.7	\$7.2	–	\$49.3	\$10.3	–
Operating Margin	14.1%	3.4%	–	7.2%	1.8%	540 bp
Membership (in 000s)	823	763	8%			

- Operating gain improved by \$24.5 million compared with the third quarter of 2001. The increase was primarily due to improved underwriting results in the Small Group and Individual businesses, coupled with a \$10.9 million favorable development from prior year reserves.
- Membership increased 8 percent compared with September 30, 2001, primarily due to growth in National Accounts and Individual businesses.

Southeast Segment Highlights

On July 31, 2002 Anthem acquired Trigon Healthcare, Inc., establishing a new geographic segment, the Southeast. The results of operations since its purchase are included in Anthem, Inc.'s consolidated results. The Southeast segment is comprised of health benefit and related business for members in Virginia, excluding the Northern Virginia suburbs of Washington, D.C.

(\$ in Millions)	Two Months Ended September 30, 2002
Operating Revenue	\$573.5
Operating Gain	\$46.3
Operating Margin	8.1%
Membership (in 000s)	2,533

- If Anthem had owned Trigon for the entire three months ended September 2002 and 2001, operating gain of \$72.7 million would have represented a 95 percent improvement over the prior year's quarter of \$37.2 million. On the same basis, operating margin would have been 8.4 percent compared with 4.9 percent in the prior year. The combination of disciplined pricing, lower than anticipated claim trends on insured business and excellent growth in administrative fees from strong enrollment in self-funded business, drove the growth in operating gain. Small Group and Individual businesses contributed most significantly to the improvement, with earnings from every line of business growing by at least 25 percent.
- If Anthem had owned Trigon for the entire three months ended September 2002 and 2001, membership would have increased by 8 percent compared with the third quarter of 2001, driven largely by growth in National Accounts.
- Historical financial results and membership for the Southeast segment have been reclassified into a reporting format consistent with Anthem's presentation style and can be found at www.anthem.com.

Specialty Segment Highlights

The Specialty segment includes pharmacy benefit management, group life, dental, behavioral health, and vision operations of the company.

(\$ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>
Operating Revenue	\$136.0	\$100.3	36%	\$383.0	\$285.8	34%
Operating Gain	\$13.4	\$9.1	47%	\$38.6	\$25.0	54%
Operating Margin	9.9%	9.1%	80 bp	10.1%	8.7%	140 bp

- Operating gain increased 47 percent compared with the third quarter of 2001, primarily due to increased mail order prescription volume and margin expansion from increased generic drug penetration at Anthem Prescription Management (APM). Improved results in the life and dental businesses also contributed to the growth, which was modestly offset by start-up expenses associated with the behavioral health and vision operations.
- Mail order prescription volume approached 620,000 scripts, increasing 32 percent compared with the prior year's quarter.
- APM membership reached 4.6 million, after adding 692,000 members over the last 12 months and more than 190,000 new members since the second quarter of 2002.

Other Segment Highlights

The Other segment includes AdminaStar Federal, a subsidiary that administers Medicare programs, and Anthem Alliance, a subsidiary that provided health benefits and administration for retired military enrollees and their dependents in the TRICARE program, until the TRICARE operations were sold on May 31, 2001. The segment also includes inter-segment revenue and expense eliminations and corporate expenses not allocated to operating segments.

(\$ in Millions)	Three Months Ended September 30			Nine Months Ended September 30		
	<u>2002</u>	<u>2001</u>	<u>Change</u>	<u>2002</u>	<u>2001</u>	<u>Change</u>
Operating Loss	(\$26.9)	(\$1.8)	-	(\$55.2)	(\$20.9)	-

- Operating loss was higher in the third quarter of 2002 compared with the same period in 2001, primarily due to accruals of higher incentive compensation expenses associated with better than expected financial results, coupled with a reduction in the carrying value of the Company's investment in MedUnite.

Earnings Outlook

- Anthem raised its adjusted earnings expectations for full year 2002 to \$4.05 to \$4.10 per share, from \$3.85 to \$3.95 per share, based on 121 to 123 million weighted average shares. The increase reflects anticipation of stronger than expected underwriting results and inclusion of the premium tax and prior year reserve adjustments in the third quarter. The non-recurring tax benefit and realized gains on investments were excluded from these expectations.
- The Company's earnings in the fourth quarter of 2002 are expected to reach \$1.05 to \$1.10 per share based on 145 to 147 million weighted average shares.

- Earnings expectations for full year 2003 also increased to \$4.65 to \$4.75 per share, from \$4.50 to \$4.60 per share.

Anthem's Basis of Presentation:

1. All earnings per share amounts are on a diluted basis.
2. Earnings per share calculations for the current quarter were based on 128.8 million basic and 132.3 million diluted shares.
3. The non-recurring item excluded from net income in the third quarter of 2002 was a \$26.8 million federal income tax benefit associated with a reduction in the Company's tax valuation allowance. The non-recurring item excluded from third quarter 2001 net income was \$13.6 million in demutualization expenses. Also included in realized gains for the nine months of 2001 was the \$16.3 million gain on the sale of subsidiaries, which was a non-recurring item.
4. Operating revenue is defined as premiums plus administrative fees and other revenue.
5. Operating gain is defined as operating revenue less benefit expense and administrative expense. Net investment income, net realized gains on investments, interest expense, amortization of goodwill and other intangible assets, demutualization expenses, gain on the sale of subsidiary operations, income tax expense, and minority interest are not included.
6. Consistent with Financial Accounting Standard (FAS) 142, "Goodwill and Other Intangible Assets", goodwill amortization has not been expensed after January 1, 2002.

About Anthem

Anthem, Inc. is an Indiana-domiciled publicly traded company that, through its subsidiary companies, provides health care benefits to nearly 11 million people. Anthem is the fifth largest publicly traded health benefits company in the United States and is the Blue Cross and Blue Shield licensee for Indiana, Kentucky, Ohio, Connecticut, New Hampshire, Colorado, Nevada, Maine and Virginia, excluding the Northern Virginia suburbs of Washington, D.C. As of September 30, 2002, Anthem had assets of \$12 billion. Pro forma full year 2001 operating revenues would have been \$13 billion if the Trigon acquisition had been effective on January 1, 2001. More information about Anthem is available at www.anthem.com.

Conference Call and Webcast

The investment community and general public are invited to participate in a joint conference call and live webcast that will be held on Monday, November 4, 2002, at 8:30 a.m. Eastern Standard Time (EST). The conference call can be accessed at Anthem's web site, www.anthem.com under Investor Relations. Please visit the website at least 15 minutes in advance.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995

This press release contains certain forward-looking information about Anthem, Inc. ("Anthem"), that is intended to be covered by the safe harbor for "forward-looking statements" provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. Words such as "expect(s)", "feel(s)", "believe(s)", "will", "may", "anticipate(s)" and similar expressions are intended to identify forward-looking statements. These statements include, but are not limited to, financial projections and estimates and their underlying assumptions; statements regarding plans, objectives and expectations with respect to future operations, products and services; and statements regarding future performance. Such statements are subject to certain risks and uncertainties,

many of which are difficult to predict and generally beyond the control of Anthem, that could cause actual results to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements. These risks and uncertainties include: those discussed and identified in public filings with the Securities and Exchange Commission (“SEC”) made by Anthem; trends in health care costs and utilization rates; our ability to secure sufficient premium rate increases; competitor pricing below market trends of increasing costs; increased government regulation of health benefits and managed care; significant acquisitions or divestitures by major competitors; introduction and utilization of new prescription drugs and technology; a downgrade in our financial strength ratings; litigation targeted at health benefits companies; our ability to contract with providers consistent with past practice; our ability to achieve expected synergies and operating efficiencies in our acquisition of Trigon Healthcare, Inc. (“Trigon”) and to successfully integrate our operations; our expectations regarding the accounting and tax treatments of the transactions and the value of the transaction consideration; and general economic downturns. You are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. Anthem does not undertake any obligation to republish revised forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. You are also urged to carefully review and consider the various disclosures in Anthem's various SEC filings, including but not limited to the registration statement on Form S-4, including the joint proxy statement/prospectus constituting a part thereof, filed by Anthem on June 7, 2002, Anthem's Annual Report on Form 10-K for the year ended December 31, 2001, and Anthem's Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2002.

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Anthem, Inc.
Membership Summary

<i>(In Thousands)</i>	Total Sept. 30, 2002	Trigon Acquisition	Same Store Sept. 30, 2002	Sept. 30, 2001	Dec. 31, 2001	% Change	
						Total Sept. 30, 2001	Same Store Sept. 30, 2001
Local Large Group	3,836	968	2,868	2,800	2,827	37%	2%
Small Group	1,156	337	819	818	813	41%	–
Individual	1,060	286	774	688	701	54%	13%
National Accounts ¹	3,921	650	3,271	2,890	2,903	36%	13%
Medicare + Choice	104	–	104	100	97	4%	4%
Federal Employee Program	675	228	447	426	423	58%	5%
Medicaid	200	64	136	112	119	79%	21%
Total	10,952	2,533	8,419	7,834	7,883	40%	7%
Funding Arrangement							
Self-Funded	5,572	1,159	4,413	4,048	4,052	38%	9%
Fully Insured	5,380	1,374	4,006	3,786	3,831	42%	6%
Total	10,952	2,533	8,419	7,834	7,883	40%	7%

¹ Includes BlueCard members of 2,395 as of September 30, 2002 (including 320 from the Trigon acquisition), 1,617 as of September 30, 2001, and 1,626 as of December 31, 2001.

Anthem, Inc.
Consolidated Statements of Income
(Unaudited)

(\$ In Millions, Except Per Share Data)

	Three Months Ended September 30		% Change
	2002	2001	
Operating revenue and premium equivalents	\$4,976.7	\$3,545.5	40%
Premiums	\$3,221.5	\$2,323.3	39%
Administrative fees	257.7	191.7	34%
Other revenue	24.6	15.2	62%
Total operating revenue	3,503.8	2,530.2	38%
Benefit expense	2,626.6	1,976.8	33%
Administrative expense	683.7	474.3	44%
Total operating expense	3,310.3	2,451.1	35%
Operating gain	193.5	79.1	145%
Net investment income	67.3	61.4	10%
Net realized gains on investments	7.3	72.1	(90%)
Gain on sale of subsidiary operations	1.0	-	-
Interest expense	30.3	13.8	120%
Amortization of goodwill and other intangible assets	9.4	8.1	16%
Demutualization expenses	-	13.6	-
Income before income taxes and minority interest	229.4	177.1	30%
Income taxes	56.9	64.6	(12%)
Minority interest	1.3	1.0	30%
Net income	\$171.2	\$111.5	54%
Less: net realized gains on investments (net of tax)	4.7	46.9	(90%)
Less: gain on sale of subsidiary operations (net of tax)	.7	-	-
Less: tax valuation allowance adjustment	26.8	-	-
Add: demutualization expenses	-	13.6	-
Add: Pre-FAS 142 amortization (net of tax)	-	3.6	-
Adjusted net income	\$139.0	\$81.8	70%
Diluted per share data:			
Net income	\$1.29	\$1.07	21%
Less: net realized gains on investments (net of tax)	0.04	0.45	(91%)
Less: gain on sale of subsidiary operations (net of tax)	-	-	-
Less: tax valuation allowance adjustment	0.20	-	-
Add: demutualization expenses	-	0.13	-
Add: Pre-FAS 142 amortization (net of tax)	-	0.04	-
Adjusted net income per share	\$1.05	\$0.79	33%
Diluted shares (in millions)	132.3	103.8	27%
Benefit expense ratio	81.5%	85.1%	(360) bp
Administrative expense ratio calculated using total operating revenue	19.5%	18.7%	80 bp
Operating margin	5.5%	3.1%	240 bp

Anthem, Inc.
Consolidated Statements of Income
(Unaudited)

(\$ In Millions, Except Per Share Data)

	Nine Months Ended September 30		% Change
	2002	2001	
Operating revenue and premium equivalents	\$12,731.7	\$10,428.6	22%
Premiums	\$8,352.9	\$6,866.1	22%
Administrative fees	674.8	622.0	8%
Other revenue	62.5	37.8	65%
Total operating revenue	9,090.2	7,525.9	21%
Benefit expense	6,937.8	5,847.6	19%
Administrative expense	1,733.7	1,465.9	18%
Total operating expense	8,671.5	7,313.5	19%
Operating gain	418.7	212.4	97%
Net investment income	187.5	170.4	10%
Net realized gains on investments	13.2	61.2	(78%)
Gain on sale of subsidiary operations	1.0	25.0	–
Interest expense	65.4	41.8	56%
Amortization of goodwill and other intangible assets	16.8	23.8	(29%)
Demutualization expenses	–	16.6	–
Income before income taxes and minority interest	538.2	386.8	39%
Income taxes	158.9	133.2	19%
Minority interest (credit)	2.1	(0.9)	–
Net income	\$377.2	\$254.5	48%
Less: net realized gains on investments (net of tax)	8.5	39.8	(79%)
Less: gain on sale of subsidiary operations (net of tax)	.7	16.3	(96%)
Less: tax valuation allowance adjustment	26.8	–	–
Add: demutualization expenses	–	16.6	–
Add: Pre-FAS 142 amortization (net of tax)	–	11.5	–
Adjusted net income	\$341.2	\$226.5	51%
Diluted per share data:			
Net income	\$3.30	\$2.45	35%
Less: net realized gain on investments (net of tax)	0.08	0.38	(79%)
Less: gain on sale of subsidiary operations (net of tax)	–	0.16	–
Less: tax valuation allowance adjustment	0.23	–	–
Add: demutualization expenses	–	0.16	–
Add: Pre-FAS 142 amortization (net of tax)	–	0.11	–
Adjusted net income per share	\$2.99	\$2.18	37%
Diluted shares (in millions)	114.3	103.8	10%
Benefit expense ratio	83.1%	85.2%	(210) bp
Administrative expense ratio calculated using total operating revenue	19.1%	19.5%	(40) bp
Operating margin	4.6%	2.8%	180 bp

Anthem, Inc.
Consolidated Balance Sheets

(\$ In Millions)

	September 30, 2002 (Unaudited)	December 31, 2001
Assets		
Current assets:		
Investments available-for-sale, at fair value	\$5,688.3	\$4,071.8
Cash and cash equivalents	912.0	406.4
Receivables, net	1,130.8	790.5
Other current assets	62.5	31.2
Total current assets	7,793.6	5,299.9
Property and equipment	536.7	402.3
Goodwill and other intangible assets	3,788.7	467.4
Other noncurrent assets	116.2	107.0
Total assets	\$12,235.2	\$6,276.6
Liabilities and shareholders' equity		
Liabilities		
Current liabilities:		
Policy liabilities	\$2,316.4	\$1,716.5
Unearned income	562.5	320.6
Accounts payable and accrued expenses	413.5	331.0
Bank overdrafts	371.2	310.7
Income taxes payable	74.6	52.4
Other current liabilities	717.5	231.4
Total current liabilities	4,455.7	2,962.6
Long term debt, less current maturities	1,658.5	818.0
Retirement benefits	35.0	96.1
Other noncurrent liabilities	760.7	339.9
Total liabilities	6,909.9	4,216.6
Shareholders' equity		
Common stock	1.4	1.1
Additional paid in capital	4,835.1	1,960.8
Retained earnings	372.6	55.7
Unearned restricted stock compensation	(5.8)	-
Accumulated other comprehensive income	122.0	42.4
Total shareholders' equity	5,325.3	2,060.0
Total liabilities and shareholders' equity	\$12,235.2	\$6,276.6

Anthem, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

<i>(\$ In Millions)</i>	Nine Months Ended September 30	
	2002	2001
Operating activities		
Net income	\$377.2	\$254.5
Adjustments to reconcile net income to net cash provided by operating activities:		
Net realized gains on investments	(13.2)	(61.2)
Gain on sale of subsidiary operations	(1.0)	(25.0)
Depreciation, amortization and accretion	101.0	90.2
Deferred income taxes	50.5	54.9
Loss on sale of assets	1.3	2.6
Changes in operating assets and liabilities, net of effect of purchases and divestitures:		
Restricted cash and investments	7.3	(5.6)
Receivables	(30.6)	5.8
Other assets	13.1	(23.2)
Policy liabilities	126.1	137.4
Unearned income	29.5	42.9
Accounts payable and accrued expenses	34.5	9.4
Other liabilities	(69.0)	(9.4)
Income taxes	(2.8)	40.1
Net cash provided by continuing operations	623.9	513.4
Net cash used in discontinued operations	–	(1.6)
Cash provided by operating activities	623.9	511.8
Investing activities		
Purchases of investments	(3,537.4)	(2,913.9)
Sales or maturities of investments	3,441.9	2,573.5
Purchases of subsidiaries, net of cash acquired	(790.5)	(3.8)
Sale of subsidiaries, net of cash sold	1.3	45.0
Proceeds from sale of property and equipment	5.6	2.1
Purchases of property and equipment	(81.7)	(53.4)
Cash used in investing activities	(960.8)	(350.5)
Financing activities		
Proceeds from long term borrowings	938.5	–
Repurchase and retirement of common stock	(109.2)	–
Proceeds from exercise of stock options and stock purchase plan	17.1	–
Costs related to the issuance of shares for the Trigon acquisition	(4.1)	–
Adjustment to payments to eligible statutory members in the demutualization	0.2	–
Cash provided by financing activities	842.5	–
Change in cash and cash equivalents	505.6	161.3
Cash and cash equivalents at beginning of period	406.4	203.3
Cash and cash equivalents at end of period	\$912.0	\$364.6