

Consolidated Statements of Operations

(in millions, except per share data)	For the Year Ended December 31,		
	2003	2002	2001
REVENUES			
Premiums	\$ 25,448	\$ 21,906	\$ 20,683
Services	3,118	2,894	2,490
Investment and Other Income	257	220	281
Total Revenues	28,823	25,020	23,454
MEDICAL AND OPERATING COSTS			
Medical Costs	20,714	18,192	17,644
Operating Costs	4,875	4,387	3,979
Depreciation and Amortization	299	255	265
Total Medical and Operating Costs	25,888	22,834	21,888
EARNINGS FROM OPERATIONS			
	2,935	2,186	1,566
Interest Expense	(95)	(90)	(94)
EARNINGS BEFORE INCOME TAXES			
	2,840	2,096	1,472
Provision for Income Taxes	(1,015)	(744)	(559)
NET EARNINGS			
	\$ 1,825	\$ 1,352	\$ 913
BASIC NET EARNINGS PER COMMON SHARE			
	\$ 3.10	\$ 2.23	\$ 1.46
DILUTED NET EARNINGS PER COMMON SHARE			
	\$ 2.96	\$ 2.13	\$ 1.40
BASIC WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
	589	607	625
DILUTIVE EFFECT OF OUTSTANDING STOCK OPTIONS			
	28	29	29
DILUTED WEIGHTED-AVERAGE NUMBER OF COMMON SHARES OUTSTANDING			
	617	636	654

See Notes to Consolidated Financial Statements.

Consolidated Balance Sheets

(in millions, except per share data)	As of December 31,	
	2003	2002
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,262	\$ 1,130
Short-Term Investments	486	701
Accounts Receivable, net of allowances of \$88 and \$86	745	664
Assets Under Management	2,019	2,069
Deferred Income Taxes	269	389
Other Current Assets	339	221
Total Current Assets	6,120	5,174
Long-Term Investments	6,729	4,498
Property, Equipment and Capitalized Software, net of accumulated depreciation and amortization of \$538 and \$456	1,032	955
Goodwill	3,509	3,363
Other Intangible Assets, net of accumulated amortization of \$43 and \$31	180	122
Other Assets	64	52
TOTAL ASSETS	\$ 17,634	\$ 14,164
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Medical Costs Payable	\$ 4,152	\$ 3,741
Accounts Payable and Accrued Liabilities	1,575	1,459
Other Policy Liabilities	2,117	1,781
Commercial Paper and Current Maturities of Long-Term Debt	229	811
Unearned Premiums	695	587
Total Current Liabilities	8,768	8,379
Long-Term Debt, less current maturities	1,750	950
Future Policy Benefits for Life and Annuity Contracts	1,517	-
Deferred Income Taxes and Other Liabilities	471	407
Commitments and Contingencies (Note 12)		
Shareholders' Equity		
Common Stock, \$0.01 par value – 1,500 shares authorized; 583 and 599 shares outstanding	6	6
Additional Paid-In Capital	58	170
Retained Earnings	4,915	4,104
Accumulated Other Comprehensive Income:		
Net Unrealized Gains on Investments, net of tax effects	149	148
TOTAL SHAREHOLDERS' EQUITY	5,128	4,428
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 17,634	\$ 14,164

See Notes to Consolidated Financial Statements.

Consolidated Statements of Changes in Shareholders' Equity

(in millions)	Common Stock		Additional Paid-In Capital	Retained Earnings	Net Unrealized Gains on Investments	Total Shareholders' Equity	Comprehensive Income
	Shares	Amount					
BALANCE AT DECEMBER 31, 2000	634	\$ 6	\$ -	\$ 3,592	\$ 90	\$ 3,688	
Issuances of Common Stock, and related tax benefits	22	-	474	-	-	474	
Common Stock Repurchases	(39)	-	(438)	(691)	-	(1,129)	
Comprehensive Income							
Net Earnings	-	-	-	913	-	913	\$ 913
Other Comprehensive Income Adjustments							
Change in Net Unrealized Gains on Investments, net of tax effects	-	-	-	-	(46)	(46)	(46)
Comprehensive Income							\$ 867
Common Stock Dividend	-	-	-	(9)	-	(9)	
BALANCE AT DECEMBER 31, 2001	617	6	36	3,805	44	3,891	
Issuances of Common Stock, and related tax benefits	26	-	905	-	-	905	
Common Stock Repurchases	(44)	-	(771)	(1,044)	-	(1,815)	
Comprehensive Income							
Net Earnings	-	-	-	1,352	-	1,352	\$ 1,352
Other Comprehensive Income Adjustments							
Change in Net Unrealized Gains on Investments, net of tax effects	-	-	-	-	104	104	104
Comprehensive Income							\$ 1,456
Common Stock Dividend	-	-	-	(9)	-	(9)	
BALANCE AT DECEMBER 31, 2002	599	6	170	4,104	148	4,428	
Issuances of Common Stock, and related tax benefits	17	-	490	-	-	490	
Common Stock Repurchases	(33)	-	(602)	(1,005)	-	(1,607)	
Comprehensive Income							
Net Earnings	-	-	-	1,825	-	1,825	\$ 1,825
Other Comprehensive Income Adjustments							
Change in Net Unrealized Gains on Investments, net of tax effects	-	-	-	-	1	1	1
Comprehensive Income							\$ 1,826
Common Stock Dividend	-	-	-	(9)	-	(9)	
BALANCE AT DECEMBER 31, 2003	583	\$ 6	\$ 58	\$ 4,915	\$ 149	\$ 5,128	

See Notes to Consolidated Financial Statements.

Consolidated Statements of Cash Flows

(in millions)	For the Year Ended December 31,		
	2003	2002	2001
OPERATING ACTIVITIES			
Net Earnings	\$ 1,825	\$ 1,352	\$ 913
Noncash Items			
Depreciation and Amortization	299	255	265
Deferred Income Taxes and Other	91	154	40
Net Change in Other Operating Items, net of effects from acquisitions, sales of subsidiaries and changes in AARP balances			
Accounts Receivable and Other Current Assets	(46)	83	7
Medical Costs Payable	276	74	156
Accounts Payable and Accrued Liabilities	460	423	280
Other Policy Liabilities	87	70	131
Unearned Premiums	11	12	52
CASH FLOWS FROM OPERATING ACTIVITIES	3,003	2,423	1,844
INVESTING ACTIVITIES			
Cash Paid for Acquisitions, net of cash assumed and other effects	(590)	(302)	(92)
Purchases of Property, Equipment and Capitalized Software	(352)	(419)	(425)
Purchases of Investments	(2,583)	(3,246)	(2,088)
Maturities and Sales of Investments	2,780	2,576	1,467
CASH FLOWS USED FOR INVESTING ACTIVITIES	(745)	(1,391)	(1,138)
FINANCING ACTIVITIES			
Proceeds from (Payments of) Commercial Paper, net	(382)	(223)	275
Proceeds from Issuance of Long-Term Debt	950	400	250
Payments for Retirement of Long-Term Debt	(350)	–	(150)
Common Stock Repurchases	(1,607)	(1,815)	(1,129)
Proceeds from Common Stock Issuances	268	205	178
Dividends Paid	(9)	(9)	(9)
Other	4	–	–
CASH FLOWS USED FOR FINANCING ACTIVITIES	(1,126)	(1,442)	(585)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,132	(410)	121
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,130	1,540	1,419
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 2,262	\$ 1,130	\$ 1,540
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES			
Common Stock Issued for Acquisitions	\$ –	\$ 567	\$ 163

See Notes to Consolidated Financial Statements.