

## Consolidated statements of cash flows

in USD millions, for the years ended December 31

	2004	2003
<b>Cash flows from operating activities</b>		
Net income	<b>2,587</b>	2,009
Adjustments for:		
Net capital (gains) on investments and impairments	<b>(4,934)</b>	(5,180)
Net (gain) on divestments of businesses	<b>(88)</b>	(351)
Equity in income of investments in associates	<b>(86)</b>	(90)
Depreciation and amortization	<b>695</b>	793
Other non-cash items	<b>21</b>	905
Changes in operational assets and liabilities:		
Deferred policy acquisition costs	<b>(816)</b>	(612)
Reinsurance assets, net	<b>(708)</b>	883
Deposits made under assumed reinsurance contracts	<b>308</b>	(939)
Receivables and payables	<b>(1,320)</b>	(692)
Insurance reserves, gross	<b>11,481</b>	15,567
Deferred income tax, net	<b>(136)</b>	577
Net changes in other operational assets and liabilities	<b>1,326</b>	310
<b>Net cash provided by operating activities</b>	<b>8,330</b>	13,180
<b>Cash flows from investing activities</b>		
Sales and maturities:		
Debt securities	<b>66,890</b>	88,423
Equity securities	<b>41,442</b>	46,048
Other (primarily other investments and fixed assets)	<b>9,036</b>	9,382
Purchases:		
Debt securities	<b>(75,116)</b>	(101,310)
Equity securities	<b>(38,285)</b>	(38,942)
Other (primarily other investments and fixed assets)	<b>(13,478)</b>	(12,001)
Investments in associates, net	<b>106</b>	50
Acquisitions of companies, net of cash acquired	<b>–</b>	(452)
Divestments of companies, net of cash balances	<b>2,053</b>	2,377
Dividends from associates	<b>19</b>	12
<b>Net cash used in investing activities</b>	<b>(7,333)</b>	(6,413)

The notes to the consolidated financial statements are an integral part of these consolidated financial statements.

	2004	2003
<b>Cash flows from financing activities</b>		
Proceeds from sale and repurchase agreements	954	(21)
Dividends paid to shareholders	(38)	(38)
Nominal value reduction of common stock	(288)	(105)
Redemption of preferred stock by subsidiaries	(12)	(655)
Issuance of debt	1,745	1,637
Payments on debt outstanding	(2,759)	(2,750)
Net cash used in financing activities	(398)	(1,932)
Effect of exchange rate changes on cash and cash equivalents	683	809
Change in cash and cash equivalents	1,282	5,644
Cash and cash equivalents as of January 1 (opening balance)	15,677	10,033
Cash and cash equivalents as of December 31	16,959	15,677

#### Other supplementary cash flow information

in USD millions	2004	2003
Interest income received	7,075	6,822
Dividend income received	1,276	1,258
Interest expense paid	(1,343)	(1,007)
Income tax paid	(891)	(803)

As of December 31, 2004 and 2003, cash and cash equivalents restricted as to use were USD 645 million and USD 782 million, respectively. Cash and cash equivalents held for the benefit of policyholders in connection with unit-linked products amounted to USD 3,206 million and USD 2,141 million, respectively.

Cash and cash equivalents comprise the following:

in USD millions	2004	2003
Cash at bank and in hand	8,535	8,461
Cash equivalents	8,424	7,216
Balance as of December 31	16,959	15,677

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