

# consolidated statements of cash flows

Years ended December 31 (millions)	2004	2003
		<i>(restated – Note 2(b))</i>
<b>Operating Activities</b>		
Net income	\$ 565.8	\$ 324.4
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,643.1	1,652.8
Future income taxes	380.9	394.4
Share-based compensation	23.8	–
Net employee defined benefit plans expense	18.4	53.0
Employer contributions to employee defined benefit plans	(136.8)	(99.8)
Restructuring and workforce reduction costs, net of cash payments (Note 5)	(70.3)	(259.4)
Payment received from Verizon Communications Inc. (Note 20)	33.3	–
Other, net	27.9	45.1
Net change in non-cash working capital (Note 17(c))	52.0	23.3
Cash provided by operating activities	2,538.1	2,133.8
<b>Investing Activities</b>		
Capital expenditures (Note 11(a))	(1,319.0)	(1,252.7)
Proceeds from the sale of property and other assets	27.6	51.2
Other	(8.1)	3.7
Cash used by investing activities	(1,299.5)	(1,197.8)
<b>Financing Activities</b>		
Common Shares and Non-Voting Shares issued	148.8	86.6
Dividends to shareholders	(248.7)	(172.0)
Purchase of Common Shares and Non-Voting Shares for cancellation (Note 15(i))	(78.0)	–
Payment for redemption of preference and preferred shares (Note 15(b))	(72.8)	–
Payment received from Verizon Communications Inc. (Note 20)	114.8	–
Long-term debt issued (Note 14)	39.8	373.0
Redemptions and repayment of long-term debt (Note 14)	(248.6)	(1,201.7)
Other	(3.6)	(6.7)
Cash used by financing activities	(348.3)	(920.8)
<b>Cash Position</b>		
Increase in cash and temporary investments, net	890.3	15.2
Cash and temporary investments, net, beginning of year	6.2	(9.0)
Cash and temporary investments, net, end of year	\$ 896.5	\$ 6.2
<b>Supplemental Disclosure of Cash Flows</b>		
Interest (paid)	\$ (632.9)	\$ (657.5)
Interest received	\$ 27.3	\$ 41.6
Income taxes (inclusive of Investment Tax Credits (Note 7)) received	\$ 194.6	\$ 165.5
<i>The accompanying notes are an integral part of these consolidated financial statements</i>		