

consolidated statements of cash flows

Years ended December 31 (millions)	2005	2004
Operating Activities		
Net income	\$ 700.3	\$ 565.8
Adjustments to reconcile net income to cash provided by operating activities:		
Depreciation and amortization	1,623.7	1,643.1
Future income taxes	340.0	380.9
Share-based compensation	24.3	23.8
Net employee defined benefit plans expense	3.9	18.4
Employer contributions to employee defined benefit plans	(118.8)	(136.8)
Restructuring and workforce reduction costs, net of cash payments (Note 5)	(13.6)	(70.3)
Payment received from Verizon Communications Inc. (Note 20)	–	33.3
Amortization of deferred gains on sale-leaseback of buildings, amortization of deferred charges and other, net	1.1	27.9
Net change in non-cash working capital (Note 17(c))	353.7	52.0
Cash provided by operating activities	2,914.6	2,538.1
Investing Activities		
Capital expenditures (Notes 11, 19)	(1,319.0)	(1,319.0)
Acquisition (Note 12)	(29.4)	(12.2)
Proceeds from the sale of property and other assets	4.5	35.9
Change in non-current materials and supplies, purchase of investments and other	(11.3)	(4.2)
Cash used by investing activities	(1,355.2)	(1,299.5)
Financing Activities		
Common Shares and Non-Voting Shares issued	219.4	148.8
Dividends to shareholders	(312.2)	(248.7)
Purchase of Common Shares and Non-Voting Shares for cancellation (Note 15(g))	(892.1)	(78.0)
Payment for redemption of preference and preferred shares	–	(72.8)
Long-term debt issued (Note 14)	147.4	39.8
Redemptions and repayment of long-term debt (Note 14)	(1,601.1)	(248.6)
Dividends paid by a subsidiary to non-controlling interest	(7.9)	–
Payment received from Verizon Communications Inc. (Note 20)	–	114.8
Other	(0.8)	(3.6)
Cash used by financing activities	(2,447.3)	(348.3)
Cash Position		
Increase (decrease) in cash and temporary investments, net	(887.9)	890.3
Cash and temporary investments, net, beginning of period	896.5	6.2
Cash and temporary investments, net, end of period	\$ 8.6	\$ 896.5
Supplemental Disclosure of Cash Flows		
Interest (paid) (Note 17(c))	\$ (638.3)	\$ (632.9)
Interest received	\$ 47.3	\$ 27.3
Income taxes (inclusive of Investment Tax Credits (Note 7)) received, net	\$ 69.5	\$ 194.6

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