



## Consolidated statements of cash flows

(millions of euro)	Year 2004	Year 2003
<b>A. NET DEBT AT BEGINNING OF PERIOD</b>	<b>(33,346)</b>	<b>(33,399)</b>
Operating income	7,200	6,789
Depreciation of fixed assets/amortization of intangible assets	6,646	6,779
Investments in fixed assets and intangible assets (1)	(5,335)	(4,894)
Proceeds from sale of intangible assets and fixed assets	21	27
Change in operating working capital and other changes	1,355	532
<b>B. OPERATING FREE CASH FLOW</b>	<b>9,887</b>	<b>9,233</b>
Investment in long-term investments and difference on consolidation (1)	(583)	(6,560)
Proceeds from sale/redemption value of other assets	595	741
Demerger and sale New Seat Pagine Gialle		3,681
Change in non-operating working capital and other changes (2)	(3,549)	(6,026)
<b>C.</b>	<b>(3,537)</b>	<b>(8,164)</b>
<b>D. NET CASH FLOWS BEFORE DISTRIBUTION OF INCOME/RESERVES, CONTRIBUTIONS BY SHAREHOLDERS/WITHDRAWAL RIGHT (B+C)</b>	<b>6,350</b>	<b>1,069</b>
<b>E. DISTRIBUTION OF INCOME/RESERVES</b>	<b>(2,780)</b>	<b>(1,049)</b>
<b>F. CONTRIBUTIONS BY SHAREHOLDERS/WITHDRAWAL RIGHT</b>	<b>251</b>	<b>33</b>
<b>G. CHANGE IN NET DEBT (D+E+F)</b>	<b>3,821</b>	<b>53</b>
<b>H. NET DEBT AT END OF PERIOD (A+G)</b>	<b>(29,525)</b>	<b>(33,346)</b>

The change in net debt is the result of the following:

(millions of euro)		
Increase (decrease) in medium/long-term debt	5,990	(2,747)
Increase (decrease) in short-term borrowings	(9,811)	2,694
<b>CHANGE IN NET DEBT</b>	<b>(3,821)</b>	<b>(53)</b>

(1) Total cash used for investments can be analyzed as follows:

(millions of euro)		
Industrial investments:	5,335	4,894
- other intangible assets	2,015	1,783
- fixed assets	3,320	3,111
Difference on consolidation	430	5,096
Investment in long-term investments	153	1,464
<b>CASH USED FOR INVESTMENTS</b>	<b>5,918</b>	<b>11,454</b>

(2) The item can be analyzed as follows:

(millions of euro)		
Net financial income (expenses)	(1,952)	(2,192)
Utilization of reserves for risks for the early exercise of the JP Morgan put option		(1,942)
Income taxes payments	(1,326)	(771)
Other taxes payments (remission and withholding tax)	(190)	(186)
Net extraordinary income (expenses) and other	(81)	(935)
<b>CHANGE IN NON-OPERATING WORKING CAPITAL AND OTHER CHANGES</b>	<b>(3,549)</b>	<b>(6,026)</b>