NOTE 3

Consolidated statements of cash flows

For purposes of this statement, the company considers its marketable securities, which are readily convertible into cash (with original maturity dates of less than 90 days) and consist of short-term investments in government securities, commercial paper and money market funds, as cash equivalents.

Cash paid in 2001, 2000 and 1999 for income taxes and for interest (net of amounts capitalized) was as follows:

In thousands of dollars

	2001	2000	1999
Income taxes	**$ 138,688**	$1,454,465	$596,873
Interest	**$ 223,691**	$ 209,240	$100,547

Interest in the amount of $8.6 million, $11.1 million and $5.7 million was capitalized in 2001, 2000 and 1999, respectively.

The income taxes paid by the company for 2001 are below typical levels. Under the Economic Growth and Tax Relief Reconciliation Act of 2001, the company's estimated federal income tax payment normally due on Sept. 15 was deferred until Oct. 1, 2001. However, subsequent to the attacks of September 11, Internal Revenue Service Rule 2001-61 was issued which permitted a further deferral of the company's third quarter estimated tax payment and its fourth quarter estimated tax payment until January 15, 2002.

The 2000 income taxes paid amount includes amounts paid in connection with the company's sale of the cable business.

No significant liabilities were assumed in connection with the 2001 acquisitions. Liabilities assumed in connection with 2000 acquisitions totaled $578 million, with $485 million related to Newscom and Central outstanding debt obligations. Liabilities assumed in connection with 1999 acquisitions totaled approximately $365 million, with $181 million related to Newsquest outstanding debt obligations.

In 2001 and 2000, the company issued 86,544 and 161,152 shares of common stock, respectively, in settlement of previously granted stock incentive rights for the four year period 1998-2001 and the compensation liability of $7.0 million and $6.3 million, respectively, for these rights was transferred to shareholders' equity.

NOTE 4

Long-term debt

The long-term debt of the company is summarized below.

In thousands of dollars

	Dec. 30, 2001	Dec. 31, 2000
Unsecured promissory notes	**$ 4,932,813**	$5,461,205
Other indebtedness	**147,212**	286,651
Total long-term debt	**$ 5,080,025**	$5,747,856

The unsecured promissory notes at Dec. 30, 2001, were due from Jan. 3, 2002, to Feb. 1, 2002, with rates varying from 1.75% to 2.00%.

The unsecured promissory notes at Dec. 31, 2000, were due from Jan. 4, 2001, to March 23, 2001, with rates varying from 6.4% to 6.63%.

At Dec. 30, 2001, the unsecured promissory notes were supported by the $6.06 billion of revolving credit agreements discussed below and, therefore, are classified as long-term debt.

The maximum amount of such promissory notes outstanding at the end of any period during 2001 and 2000 was $5.4 billion and $5.7 billion, respectively. The daily average outstanding balance was $5.2 billion during 2001 and $3.1 billion during 2000. The weighted average interest rate was 4.1% for 2001 and 6.5% for 2000.

Other indebtedness includes the loan notes issued by the company in the U.K. to the former shareholders of Newsquest, Newscom and Dimbleby in connection with their acquisitions as more fully discussed in Note 2. The Newsquest and Newscom notes ($21.8 million and $90.1 million, respectively) bear interest at .5% below the London Interbank Offered Rate (LIBOR), subject to a cap of 6.5% and 6.75%, respectively. The Dimbleby notes ($18.3 million) bear interest at the LIBOR rate minus 1%. Interest is payable semi-annually on all notes. The Newsquest and Newscom notes are due on Dec. 31, 2006, and Dec. 31, 2007, respectively, but may be redeemed by the company on each interest payment date. The Newsquest and Newscom noteholders are entitled to require the company to repay all or part of the notes on any interest payment date by giving 30 days' written notice. The Dimbleby notes may be redeemed by the company or the noteholders, in whole or in part, at any time after June 30, 2003. The Dimbleby noteholders are entitled to require the company to repay all or part of the principal amount of the notes by giving the company 30 days' written notice any time after six months of issue of the notes. Should a noteholder exercise that right, it is the company's intention to exchange the notes for cash. The remaining other indebtedness at Dec. 30, 2001, consists primarily of industrial revenue bonds with maturities in 2008 and 2009 at variable interest rates (1.9% at Dec. 30, 2001).

At Dec. 30, 2001, the company had $6.06 billion of credit available under two revolving credit agreements. The agreements provide for revolving credit periods which permit borrowings from time to time to the maximum commitments. The 1998 $3.0 billion agreement revolving credit period extends to