

NEW YORK TIMES CO
Form 10-Q
November 07, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 or 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 29, 2013
Commission file number 1-5837
THE NEW YORK TIMES COMPANY
(Exact name of registrant as specified in its charter)

NEW YORK
(State or other jurisdiction of
incorporation or organization)
620 EIGHTH AVENUE, NEW YORK, NEW YORK
(Address of principal executive offices)
10018
(Zip Code)

13-1102020
(I.R.S. Employer
Identification No.)

Registrant's telephone number, including area code 212-556-1234

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Number of shares of each class of the registrant's common stock outstanding as of November 1, 2013 (exclusive of treasury shares):

| | | |
|----------------------|-------------|--------|
| Class A Common Stock | 148,943,075 | shares |
| Class B Common Stock | 818,061 | shares |

THE NEW YORK TIMES COMPANY
INDEX

| | ITEM NO. | | |
|----------------|----------|--|-----------|
| <u>PART I</u> | | Financial Information | <u>1</u> |
| Item | <u>1</u> | Financial Statements | <u>1</u> |
| | | Condensed Consolidated Balance Sheets as of September 29, 2013 (unaudited) and December 30, 2012 | <u>1</u> |
| | | Condensed Consolidated Statements of Operations (unaudited) for the quarter and nine months ended September 29, 2013 and September 23, 2012 | <u>3</u> |
| | | Condensed Consolidated Statements of Comprehensive Income/(Loss) (unaudited) for the quarter and nine months ended September 29, 2013 and September 23, 2012 | <u>4</u> |
| | | Condensed Consolidated Statements of Cash Flows (unaudited) for the nine months ended September 29, 2013 and September 23, 2012 | <u>5</u> |
| | | Notes to the Condensed Consolidated Financial Statements | <u>6</u> |
| Item | <u>2</u> | Management's Discussion and Analysis of Financial Condition and Results of Operations | <u>20</u> |
| Item | <u>3</u> | Quantitative and Qualitative Disclosures about Market Risk | <u>31</u> |
| Item | <u>4</u> | Controls and Procedures | <u>31</u> |
| <u>PART II</u> | | Other Information | <u>32</u> |
| Item | 1 | Legal Proceedings | <u>32</u> |
| Item | 1A | Risk Factors | <u>32</u> |
| Item | 2 | Unregistered Sales of Equity Securities and Use of Proceeds | <u>32</u> |
| Item | 6 | Exhibits | <u>32</u> |

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE NEW YORK TIMES COMPANY

CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)

| | September 29, 2013 (Unaudited) | December 30, 2012 |
|---|--------------------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | \$390,008 | \$820,490 |
| Short-term marketable securities | 382,795 | 134,820 |
| Accounts receivable (net of allowances of \$15,153 in 2013 and \$15,452 in 2012) | 164,282 | 197,589 |
| Inventories: | | |
| Newsprint and magazine paper | 7,184 | 5,609 |
| Other inventory | 1,318 | 1,728 |
| Total inventories | 8,502 | 7,337 |
| Deferred income taxes | 58,214 | 58,214 |
| Other current assets | 46,522 | 42,067 |
| Assets held for sale | 97,640 | 137,050 |
| Total current assets | 1,147,963 | 1,397,567 |
| Other assets | | |
| Long-term marketable securities | 165,378 | 4,444 |
| Investments in joint ventures | 36,171 | 40,872 |
| Property, plant and equipment (less accumulated depreciation and amortization of \$852,526 in 2013 and \$807,976 in 2012) | 721,171 | 773,469 |
| Goodwill | 124,524 | 122,691 |
| Deferred income taxes | 267,933 | 280,523 |
| Miscellaneous assets | 165,130 | 166,214 |
| Total assets | \$2,628,270 | \$2,785,780 |

See Notes to Condensed Consolidated Financial Statements.

THE NEW YORK TIMES COMPANY
 CONDENSED CONSOLIDATED BALANCE SHEETS-(Continued)
 (In thousands, except share and per share data)

| | September 29, 2013 (Unaudited) | December 30, 2012 |
|---|--------------------------------------|----------------------|
| Liabilities and stockholders' equity | | |
| Current liabilities | | |
| Accounts payable | \$83,980 | \$88,990 |
| Accrued payroll and other related liabilities | 70,651 | 86,772 |
| Unexpired subscriptions | 58,006 | 57,336 |
| Accrued expenses and other | 121,284 | 118,753 |
| Accrued income taxes | 131 | 38,932 |
| Liabilities held for sale | 30,963 | 32,373 |
| Total current liabilities | 365,015 | 423,156 |
| Other liabilities | | |
| Long-term debt and capital lease obligations | 682,983 | 696,752 |
| Pension benefits obligation | 642,612 | 737,889 |
| Postretirement benefits obligation | 106,290 | 110,347 |
| Other | 145,289 | 152,000 |
| Total other liabilities | 1,577,174 | 1,696,988 |
| Stockholders' equity | | |
| Common stock of \$.10 par value: | | |
| Class A – authorized 300,000,000 shares; issued: 2013 – 151,038,187; 2012 – 150,270,975 (including treasury shares: 2013 – 2,253,155; 2012 – 2,483,537) | 15,109 | 15,027 |
| Class B – convertible – authorized and issued shares: 2013 – 818,061; 2012 – 818,385 (including treasury shares: 2013 – none; 2012 – none) | 82 | 82 |
| Additional paid-in capital | 30,355 | 25,610 |
| Retained earnings | 1,223,945 | 1,230,450 |
| Common stock held in treasury, at cost | (88,062 |) (96,278 |
| Accumulated other comprehensive loss, net of income taxes: | | |
| Foreign currency translation adjustments | 12,107 | 11,327 |
| Unrealized gain/(loss) on available-for-sale security | 114 | (431 |
| Funded status of benefit plans | (510,576 |) (523,462 |
| Total accumulated other comprehensive loss, net of income taxes | (498,355 |) (512,566 |
| Total New York Times Company stockholders' equity | 683,074 | 662,325 |
| Noncontrolling interest | 3,007 | 3,311 |
| Total stockholders' equity | 686,081 | 665,636 |
| Total liabilities and stockholders' equity | \$2,628,270 | \$2,785,780 |
| See Notes to Condensed Consolidated Financial Statements. | | |

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

(In thousands, except per share data)

| | For the Quarters Ended | | For the Nine Months Ended | |
|---|------------------------|--------------------|---------------------------|--------------------|
| | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
| | (13 weeks) | | (39 weeks) | |
| Revenues | | | | |
| Circulation | \$204,156 | \$ 194,739 | \$616,603 | \$ 578,914 |
| Advertising | 138,018 | 140,880 | 454,595 | 485,368 |
| Other | 19,564 | 19,718 | 62,172 | 62,945 |
| Total revenues | 361,738 | 355,337 | 1,133,370 | 1,127,227 |
| Operating costs | | | | |
| Production costs: | | | | |
| Raw materials | 21,064 | 24,343 | 66,913 | 75,963 |
| Wages and benefits | 82,387 | 80,696 | 247,199 | 242,742 |
| Other | 49,144 | 52,331 | 148,286 | 155,173 |
| Total production costs | 152,595 | 157,370 | 462,398 | 473,878 |
| Selling, general and administrative costs | 169,824 | 169,459 | 519,610 | 524,611 |
| Depreciation and amortization | 20,293 | 19,594 | 57,981 | 60,488 |
| Total operating costs | 342,712 | 346,423 | 1,039,989 | 1,058,977 |
| Pension withdrawal expense | 6,171 | — | 6,171 | — |
| Operating profit | 12,855 | 8,914 | 87,210 | 68,250 |
| Gain on sale of investment | — | — | — | 55,645 |
| Impairment of investments | — | 600 | — | 5,500 |
| (Loss)/income from joint ventures | (123) | 1,010 | (3,398) | 2,089 |
| Interest expense, net | 15,454 | 15,490 | 44,169 | 46,406 |
| (Loss)/income from continuing operations before income taxes | (2,722) | (6,166) | 39,643 | 74,078 |
| Income tax expense/(benefit) | 2,578 | (3,187) | 21,473 | 28,446 |
| (Loss)/income from continuing operations | (5,300) | (2,979) | 18,170 | 45,632 |
| (Loss)/income from discontinued operations, net of income taxes | (18,987) | 5,703 | (18,995) | (88,007) |
| Net (loss)/income | (24,287) | 2,724 | (825) | (42,375) |
| Net loss attributable to the noncontrolling interest | 61 | 21 | 304 | 101 |
| Net (loss)/income attributable to The New York Times Company common stockholders | \$(24,226) | \$ 2,745 | \$(521) | \$(42,274) |
| Amounts attributable to The New York Times Company common stockholders: | | | | |
| (Loss)/income from continuing operations | \$(5,239) | \$(2,958) | \$ 18,474 | \$ 45,733 |
| (Loss)/income from discontinued operations, net of income taxes | (18,987) | 5,703 | (18,995) | (88,007) |
| Net (loss)/income | \$(24,226) | \$ 2,745 | \$(521) | \$(42,274) |
| Average number of common shares outstanding: | | | | |
| Basic | 150,033 | 148,254 | 149,724 | 148,042 |
| Diluted | 150,033 | 148,254 | 156,460 | 151,762 |
| Basic earnings/(loss) per share attributable to The New York Times Company common stockholders: | | | | |

Edgar Filing: NEW YORK TIMES CO - Form 10-Q

| | | | | | | | |
|---|----------|---|----------|---|----------|---|------------|
| (Loss)/income from continuing operations | \$ (0.03 |) | \$ (0.02 |) | \$ 0.12 | | \$ 0.31 |
| (Loss)/income from discontinued operations, net of income taxes | (0.13 |) | 0.04 | | (0.13 |) | (0.59) |
| Net (loss)/income | \$ (0.16 |) | \$ 0.02 | | \$ (0.01 |) | \$ (0.28) |
| Diluted earnings/(loss) per share attributable to The New York Times Company common stockholders: | | | | | | | |
| (Loss)/income from continuing operations | \$ (0.03 |) | \$ (0.02 |) | \$ 0.12 | | \$ 0.30 |
| (Loss)/income from discontinued operations, net of income taxes | (0.13 |) | 0.04 | | (0.12 |) | (0.58) |
| Net (loss)/income | \$ (0.16 |) | \$ 0.02 | | \$ — | | \$ (0.28) |
| Dividends declared per share | \$ 0.04 | | \$ — | | \$ 0.04 | | \$ — |

See Notes to Condensed Consolidated Financial Statements.

THE NEW YORK TIMES COMPANY
 CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME/(LOSS)
 (Unaudited)
 (In thousands)

| | For the Quarters Ended | | For the Nine Months Ended | |
|--|------------------------|--------------------|---------------------------|--------------------|
| | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
| | (13 weeks) | | (39 weeks) | |
| Net (loss)/income | \$ (24,287) | \$ 2,724 | \$ (825) | \$ (42,375) |
| Other comprehensive income/(loss), before tax: | | | | |
| Foreign currency translation adjustments | 3,261 | 3,251 | 1,497 | (1,148) |
| Unrealized derivative gain on cash-flow hedge of equity method investment | — | — | — | 1,143 |
| Unrealized gain/(loss) on available-for-sale security | 1,022 | (2,338) | 908 | 1,251 |
| Pension and postretirement benefits obligation | 6,597 | 5,817 | 21,454 | 1,356 |
| Other comprehensive income, before tax | 10,880 | 6,730 | 23,859 | 2,602 |
| Income tax expense | 4,196 | 2,539 | 9,648 | 732 |
| Other comprehensive income, net of tax | 6,684 | 4,191 | 14,211 | 1,870 |
| Comprehensive (loss)/income | (17,603) | 6,915 | 13,386 | (40,505) |
| Comprehensive loss attributable to the noncontrolling interest | 61 | 21 | 304 | 101 |
| Comprehensive (loss)/income attributable to The New York Times Company common stockholders | \$ (17,542) | \$ 6,936 | \$ 13,690 | \$ (40,404) |

See Notes to Condensed Consolidated Financial Statements.

THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(In thousands)

| | For the Nine Months Ended | |
|--|-------------------------------------|-----------------------|
| | September 29, 2013 (39 weeks) | September 23, 2012 |
| Cash flows from operating activities | | |
| Net loss | \$(825 |) \$(42,375 |
| Adjustments to reconcile net income/(loss) to net cash (used in)/provided by operating activities: | | |
| Impairment of assets | 34,300 | 194,732 |
| Pension withdrawal expense | 14,168 | — |
| Gain on sale of investment | — | (55,645 |
| Impairment of investments | — | 5,500 |
| Loss on sale of Regional Media Group | — | 4,717 |
| Depreciation and amortization | 64,799 | 82,538 |
| Stock-based compensation expense | 6,905 | 5,618 |
| Undistributed loss of equity method investments | 5,004 | 2,418 |
| Long-term retirement benefit obligations | (92,311 |) (33,650 |
| Deferred income taxes | 4,124 | (63,404 |
| Other—net | 20,550 | 8,862 |
| Changes in operating assets and liabilities—net of dispositions: | | |
| Accounts receivable—net | 40,261 | 49,218 |
| Inventories | (56 |) 3,311 |
| Other current assets | 4,871 | (1,575 |
| Accounts payable and other liabilities | (92,070 |) (39,635 |
| Unexpired subscriptions | 350 | 3,639 |
| Net cash provided by operating activities | 10,070 | 124,269 |
| Cash flows from investing activities | | |
| Purchases of marketable securities | (697,572 |) (439,700 |
| Maturities of marketable securities | 283,150 | 264,806 |
| Capital expenditures | (11,660 |) (29,978 |
| Change in restricted cash | 2,000 | 3,287 |
| (Purchase of)/proceeds from investments—net | (499 |) 96,431 |
| Proceeds from sale of Regional Media Group | — | 140,044 |
| Net cash (used in)/provided by investing activities | (424,581 |) 34,890 |
| Cash flows from financing activities | | |
| Long-term obligations: | | |
| Repayment of debt and capital lease obligations | (19,825 |) (432 |
| Capital shares: | | |
| Issuances from stock option exercises | 3,623 | 536 |
| Net cash (used in)/provided by financing activities | (16,202 |) 104 |
| (Decrease)/increase in cash and cash equivalents | (430,713 |) 159,263 |
| Effect of exchange rate changes on cash and cash equivalents | 231 | (40 |
| Cash and cash equivalents at the beginning of the year | 820,490 | 175,151 |
| Cash and cash equivalents at the end of the quarter | \$390,008 | \$334,374 |
| See Notes to Condensed Consolidated Financial Statements. | | |

THE NEW YORK TIMES COMPANY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(Unaudited)

NOTE 1. BASIS OF PRESENTATION

In the opinion of The New York Times Company's (the "Company") management, the Condensed Consolidated Financial Statements present fairly the financial position of the Company as of September 29, 2013 and December 30, 2012, and the results of operations and cash flows of the Company for the periods ended September 29, 2013 and September 23, 2012. The Company and its consolidated subsidiaries are referred to collectively as "we," "us" or "our." All adjustments necessary for a fair presentation have been included and are of a normal and recurring nature. All significant intercompany accounts and transactions have been eliminated in consolidation. The financial statements were prepared in accordance with the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain notes or other financial information that are normally required by accounting principles generally accepted in the United States of America have been condensed or omitted from these interim financial statements. These financial statements, therefore, should be read in conjunction with the Consolidated Financial Statements and related Notes included in our Annual Report on Form 10-K for the year ended December 30, 2012. Due to the seasonal nature of our business, operating results for the interim periods are not necessarily indicative of a full year's operations. The fiscal periods included herein comprise 13 weeks for the third-quarter periods and 39 weeks for the nine-month periods.

For comparability, certain prior-year amounts have been reclassified to conform with the 2013 presentation. Specifically, the reclassifications relate to discontinued operations in the third quarter of 2013 (see Note 11) and prior period pension adjustments associated with an error in the actuarial valuation of accrued benefits as disclosed in our quarterly report on Form 10-Q for the quarter ended June 30, 2013.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of September 29, 2013, our significant accounting policies, which are detailed in our Annual Report on Form 10-K for the year ended December 30, 2012, have not changed. In the first quarter of 2013, we added a significant accounting policy related to our investments in marketable securities.

Marketable securities

We have investments in marketable debt and equity securities. We determine the appropriate classification of our investments at the date of purchase and reevaluate the classifications at the balance sheet date. Marketable debt securities with maturities of 12 months or less are classified as short-term. Marketable debt securities with maturities greater than 12 months are classified as long-term. We have the intent and ability to hold our marketable debt securities until maturity; therefore they are accounted for as held-to-maturity and stated at amortized cost. Our marketable equity security is accounted for as available-for-sale and stated at fair value. Changes in the fair value of our available-for-sale security are recognized as unrealized gains or losses, net of taxes, as a component of accumulated other comprehensive income/(loss) ("AOCI").

Recently adopted accounting pronouncement

At the beginning of our 2013 fiscal year, we adopted new guidance for the presentation of amounts reclassified from AOCI. The guidance specifically required, either on the face of the financial statements or in the notes, presentation of significant amounts reclassified from AOCI by component for the respective line items of net income. We adopted the new guidance and present the reclassifications in the notes to the financial statements. See Note 13 for additional information regarding amounts reclassified from AOCI.

Recently issued accounting pronouncement

In July 2013, the Financial Accounting Standards Board (“FASB”) issued ASU 2013-11 which prescribes that a liability related to an unrecognized tax benefit to be offset against a deferred tax asset for a net operating loss carryforward, a similar tax loss or a tax credit carryforward if such settlement is required or expected in the event the uncertain tax position is disallowed. In situations in which a net operating loss carryforward, a similar tax loss or a tax credit carryforward is not available at the reporting date under the tax law of a jurisdiction or the tax law of a jurisdiction does not require it, and the Company does not intend to use the deferred tax asset for such purpose, the unrecognized tax benefit should be presented in the financial statements as a liability and should not be combined with deferred tax assets. This guidance becomes effective for the Company

on January 1, 2014 and will be applied on a prospective basis. We do not anticipate the adoption of this guidance will have a material impact on our financial statements.

NOTE 3. MARKETABLE SECURITIES

Our marketable debt and equity securities consisted of the following:

| (In thousands) | September 29, 2013 | December 30, 2012 |
|--|-----------------------|----------------------|
| Short-term marketable securities | | |
| Marketable debt securities | | |
| U.S Treasury securities | \$143,524 | \$124,831 |
| Corporate debt securities | 79,331 | — |
| U.S. agency securities | 51,145 | — |
| Municipal securities | 45,495 | — |
| Certificates of deposit | 32,523 | — |
| Commercial paper | 30,777 | 9,989 |
| Total short-term marketable securities | \$382,795 | \$134,820 |
| Long-term marketable securities | | |
| Marketable debt securities | | |
| Corporate debt securities | \$100,129 | \$— |
| U.S. agency securities | 53,537 | — |
| Municipal securities | 7,018 | — |
| Total | 160,684 | — |
| Marketable equity security | | |
| Available-for-sale security | 4,694 | 4,444 |
| Total long-term marketable securities | \$165,378 | \$4,444 |

Marketable debt securities

As of September 29, 2013, our marketable debt securities had remaining maturities of about 1 month to 36 months.

Marketable equity security

Our investment in the common stock of Brightcove, Inc. is accounted for as available-for-sale and stated at fair value. Changes in the fair value of our available-for-sale security are recognized as unrealized gains or losses within “Long-term marketable securities” and “Accumulated other comprehensive loss, net of income taxes” in our Condensed Consolidated Balance Sheets and “Unrealized gain/(loss) on available-for-sale security” in our Condensed Consolidated Statements of Comprehensive Income/(Loss). During the quarter ended September 29, 2013, we recognized an unrealized gain of \$1.0 million (\$0.6 million, net of tax).

See Note 8 for additional information regarding the fair value of our marketable securities.

THE NEW YORK TIMES COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Unaudited)

NOTE 4. GOODWILL

The following table displays the carrying amount of goodwill as of September 29, 2013, and December 30, 2012:
 (In thousands)

| | Total Company |
|--|---------------|
| Balance as of December 26, 2011 | |
| Goodwill | \$927,909 |
| Accumulated impairment losses | (805,218) |
| Balance as of December 30, 2012 | 122,691 |
| Goodwill transferred to held for sale ⁽¹⁾ | — |
| Foreign currency translation | 1,833 |
| Balance as of September 29, 2013 | \$124,524 |

(1) See Note 11 for additional information regarding the assets and liabilities held for sale for the New England Media Group.

The foreign currency translation line item reflects changes in goodwill resulting from fluctuating exchange rates related to the consolidation of the International Herald Tribune.

NOTE 5. INVESTMENTS

Equity Method Investments/Joint Ventures

As of September 29, 2013, our investments in joint ventures consisted of equity ownership interests in the following entities:

| Company | Approximate % Ownership |
|--------------------------|----------------------------|
| Donohue Malbaie Inc. | 49 % |
| Madison Paper Industries | 40 % |

In the first quarter of 2013, we recorded a nominal charge for the impairment of our investment in quadrantONE LLC as a result of its February 2013 announcement of the wind down of its operations.

Cost Method Investments
 Gain on Sale of Investment

In the first quarter of 2012, we sold 100 of our units in Fenway Sports Group for an aggregate price of \$30.0 million (pre-tax gain of \$17.8 million) and in the second quarter of 2012, we completed the sale of our remaining 210 units for an aggregate price of \$63.0 million (pre-tax gain of \$37.8 million). These sales resulted in a pre-tax gain of \$55.6 million in the first six months of 2012. Effective with the first quarter 2012 sale, given our reduced ownership level and lack of influence on the operations of Fenway Sports Group, we changed the accounting for this investment from the equity method to the cost method. Therefore, starting in the first quarter of 2012, we no longer recognized our proportionate share of the operating results of Fenway Sports Group in joint venture results in our Condensed Consolidated Statements of Operations.

Impairment of Investments

In the first nine months of 2012, we recorded a non-cash impairment charge of \$5.5 million to reduce the carrying value of certain investments to fair value. The impairment charge was primarily related to our investment in Ongo Inc., a consumer service for reading and sharing digital news and information from multiple publishers.

THE NEW YORK TIMES COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Unaudited)

NOTE 6. DEBT OBLIGATIONS

As of September 29, 2013, our current indebtedness included senior notes and the repurchase option related to a sale-leaseback of a portion of our New York headquarters. Our total debt and capital lease obligations consisted of the following:

| (In thousands) | Coupon Rate | September 29, 2013 | December 30, 2012 |
|--|----------------|-----------------------|----------------------|
| Senior notes due 2015 | 5.0 % | \$244,048 | \$244,022 |
| Senior notes due 2016 | 6.625 % | 204,924 | 221,523 |
| Option to repurchase ownership interest in headquarters building in 2019 | | 227,300 | 224,510 |
| Total debt | | 676,272 | 690,055 |
| Short-term capital lease obligations ⁽¹⁾ | | 47 | 123 |
| Long-term capital lease obligations | | 6,711 | 6,697 |
| Total capital lease obligations | | 6,758 | 6,820 |
| Total debt and capital lease obligations | | \$683,030 | \$696,875 |

(1) Included in "Accrued expenses and other" in our Condensed Consolidated Balance Sheets.

See Note 8 for information regarding the fair value of our long-term debt.

During the third quarter of 2013, we repurchased \$12.4 million principal amount of our 6.625% senior unsecured notes due December 15, 2016 ("6.625% Notes") and recorded a \$1.5 million pre-tax charge in connection with the repurchase. During the first nine months of 2013, we repurchased \$17.4 million principal amount of our 6.625% Notes and recorded a \$2.1 million pre-tax charge in connection with the repurchases.

"Interest expense, net" in our Condensed Consolidated Statements of Operations was as follows:

| (In thousands) | For the Quarters Ended | | For the Nine Months Ended | |
|---|------------------------|-----------------------|---------------------------|-----------------------|
| | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
| Cash interest expense | \$14,494 | \$14,453 | \$41,635 | \$43,249 |
| Non-cash amortization of discount on debt | 1,355 | 1,129 | 3,622 | 3,386 |
| Capitalized interest | — | — | — | (14) |
| Interest income | (395) | (92) | (1,088) | (215) |
| Total interest expense, net | \$15,454 | \$15,490 | \$44,169 | \$46,406 |

NOTE 7. OTHER

Severance Costs

We recognized severance costs of \$0.6 million in the third quarter of 2013 and \$8.3 million in the first nine months of 2013. These costs are recorded in "Selling, general and administrative costs" in our Condensed Consolidated Statements of Operations. As of September 29, 2013, we had a severance liability of \$9.5 million included in "Accrued expenses and other" in our Condensed Consolidated Balance Sheets.

THE NEW YORK TIMES COMPANY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Unaudited)

NOTE 8. FAIR VALUE MEASUREMENTS

Fair value is the price that would be received upon the sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date. The transaction would be in the principal or most advantageous market for the asset or liability, based on assumptions that a market participant would use in pricing the asset or liability.

The fair value hierarchy consists of three levels:

Level 1 – quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date;

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 – unobservable inputs for the asset or liability.

Assets/Liabilities Measured and Recorded at Fair Value on a Recurring Basis

The following tables summarize our financial assets and liabilities measured at fair value on a recurring basis as of September 29, 2013, and December 30, 2012:

| (In thousands) | September 29, 2013 | | | |
|-----------------------------|--------------------|----------|---------|---------|
| | Total | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Available-for-sale security | \$4,694 | \$4,694 | \$— | \$— |
| Liabilities | | | | |
| Deferred compensation | \$48,497 | \$48,497 | \$— | \$— |
| (In thousands) | December 30, 2012 | | | |
| | Total | Level 1 | Level 2 | Level 3 |
| Assets | | | | |
| Available-for-sale security | \$4,444 | \$4,444 | \$— | \$— |
| Liabilities | | | | |
| Deferred compensation | \$52,882 | \$52,882 | \$— | \$— |

The available-for-sale security, included in “Long-term marketable securities” in our Condensed Consolidated Balance Sheets, consists of our investment in the common stock of Brightcove, Inc. (see Note 3). The fair value is based on quoted prices in active markets for identical assets.

The deferred compensation liability, included in “Other liabilities – other” in our Condensed Consolidated Balance Sheets, consists of deferrals under our deferred executive compensation plan, which enables certain eligible executives to elect to defer a portion of their compensation on a pre-tax basis. The deferred amounts are invested at the executives’ option in various mutual funds. The fair value of deferred compensation is based on the mutual fund investments elected by the executives, which are based on quoted prices in active markets for identical assets.

Assets Measured and Recorded at Fair Value on a Non-Recurring Basis

Certain non-financial assets, such as goodwill, other intangible assets, property, plant and equipment and certain investments, that were part of operations that have been classified as discontinued operations are only recorded at fair value if an impairment charge is recognized. The following table presents non-financial assets that were measured and recorded at fair value on a non-recurring basis and the impairment losses recorded during 2013 on those assets:

| (In thousands) | Carrying Value September 29, 2013 | Fair Value Measured and Recorded Using | | | Impairment Losses 2013 |
|--|--------------------------------------|---|---------|----------|------------------------------|
| | | Level 1 | Level 2 | Level 3 | |
| Property, plant and equipment ⁽¹⁾ | \$55,056 | \$— | \$— | \$55,056 | \$34,300 |

THE NEW YORK TIMES COMPANY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Unaudited)

Impairment losses related to the New England Media Group are included within “(Loss)/income from discontinued (1) operations, net of income taxes” in the Condensed Consolidated Statements of Operations for the quarter and nine months ended September 29, 2013. See Note 11 for additional information.

Included in impairment of assets in 2013 is the impairment of fixed assets held for sale that related to the New England Media Group. During the third quarter of 2013, we estimated the fair value less cost to sell of the group held for sale, using unobservable inputs (Level 3). We recorded a \$34.3 million non-cash charge in the third quarter of 2013 for fixed assets at the New England Media Group to reduce the carrying value of fixed assets to their fair value less cost to sell.

Financial Instruments Disclosed, But Not Recorded, at Fair Value

Our marketable debt securities, which include U.S. Treasury securities, corporate debt securities, U.S. government agency securities, municipal securities, certificates of deposit and commercial paper, are recorded at amortized cost (see Note 3). As of September 29, 2013 and December 30, 2012, the amortized cost approximated fair value. We classified these investments as Level 2 since the fair value estimates are based on market observable inputs for investments with similar terms and maturities.

The carrying value of our long-term debt was approximately \$676 million as of September 29, 2013 and \$690 million as of December 30, 2012. The fair value of our long-term debt was approximately \$814 million as of September 29, 2013 and \$840 million as of December 30, 2012. We estimate the fair value of our debt utilizing market quotations for debt that have quoted prices in active markets. Since our debt does not trade on a daily basis in an active market, the fair value estimates are based on market observable inputs based on borrowing rates currently available for debt with similar terms and average maturities (Level 2).

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

Pension

Single-Employer Plans

We sponsor several single-employer defined benefit pensions, the majority of which have been frozen; and participate in joint Company and Guild-sponsored plans covering employees of The New York Times Newspaper Guild, including The New York Times Newspaper Guild pension plan, which was frozen, and a new defined benefit pension plan, subject to the approval of the Internal Revenue Service. The components of net periodic pension (income)/cost were as follows:

| (In thousands) | For the Quarters Ended September 29, 2013 | | | September 23, 2012 | | |
|--|--|----------------------------|-----------|--------------------|----------------------------|-----------|
| | Qualified Plans | Non- Qualified Plans | All Plans | Qualified Plans | Non- Qualified Plans | All Plans |
| Service cost | \$2,323 | \$256 | \$2,579 | \$2,894 | \$377 | \$3,271 |
| Interest cost | 19,284 | 2,643 | 21,927 | 23,592 | 3,122 | 26,714 |
| Expected return on plan assets | (31,063) | — | (31,063) | (29,614) | — | (29,614) |
| Amortization of prior service (credit)/cost | (486) | — | (486) | 201 | — | 201 |
| Recognized actuarial loss | 8,442 | 1,312 | 9,754 | 7,229 | 1,122 | 8,351 |
| Net periodic pension (income)/cost | \$(1,500) | \$4,211 | \$2,711 | \$4,302 | \$4,621 | \$8,923 |

THE NEW YORK TIMES COMPANY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Unaudited)

| (In thousands) | For the Nine Months Ended | | | September 23, 2012 | | |
|---|---------------------------|---------------------|-----------|--------------------|---------------------|-----------|
| | September 29, 2013 | | | September 23, 2012 | | |
| | Qualified Plans | Non-Qualified Plans | All Plans | Qualified Plans | Non-Qualified Plans | All Plans |
| Service cost | \$6,968 | \$768 | \$7,736 | \$8,794 | \$1,131 | \$9,925 |
| Interest cost | 57,858 | 7,929 | 65,787 | 70,832 | 9,366 | 80,198 |
| Expected return on plan assets | (93,188) | — | (93,188) | (88,805) | — | (88,805) |
| Amortization of prior service (credit)/cost | (1,459) | — | (1,459) | 603 | — | 603 |
| Recognized actuarial loss | 25,327 | 3,935 | 29,262 | 21,681 | 3,367 | 25,048 |
| Net periodic pension (income)/cost | \$(4,494) | \$12,632 | \$8,138 | \$13,105 | \$13,864 | \$26,969 |

In the first nine months of 2013, we made pension contributions of approximately \$71 million to certain qualified pension plans. Approximately \$65 million of our year-to-date 2013 contributions was made to The New York Times Newspaper Guild pension plan, of which \$28 million was estimated to be necessary to satisfy minimum funding requirements in 2013 or contractually required. Including the first nine months of contributions, we expect to make total contributions of approximately \$75 million in 2013 to our qualified pension plans.

Multiemployer Plans

In the third quarter of 2013, we recorded a \$6.2 million charge related to a partial withdrawal obligation under a multiemployer pension plan.

Other Postretirement Benefits

The components of net periodic postretirement benefit income were as follows:

| (In thousands) | For the Quarters Ended | | For the Nine Months Ended | |
|--|------------------------|--------------------|---------------------------|--------------------|
| | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
| Service cost | \$285 | \$239 | \$855 | \$717 |
| Interest cost | 1,009 | 1,246 | 3,027 | 3,738 |
| Amortization of prior service credit | (3,693) | (3,778) | (11,078) | (11,334) |
| Recognized actuarial loss | 1,022 | 832 | 3,066 | 2,496 |
| Net periodic postretirement benefit income | \$(1,377) | \$(1,461) | \$(4,130) | \$(4,383) |

In the first quarter of 2012, we sold the Regional Media Group (see Note 11). The sale significantly reduced the expected years of future service for current employees, resulting in a remeasurement and curtailment of a postretirement benefit plan. We recognized a curtailment gain of \$27.2 million in the first quarter of 2012. The curtailment gain is included in the gain on the sale within “(Loss)/income from discontinued operations, net of income taxes” in the Condensed Consolidated Statements of Operations.

NOTE 10. INCOME TAXES

We had an income tax expense of \$2.6 million on a pre-tax loss of \$2.7 million in the third quarter of 2013 and income tax expense of \$21.5 million (effective tax rate of 54.2%) in the first nine months of 2013. Included in the tax

expense for the third quarter of 2013 is a charge of \$1.5 million related to the remeasurement of deferred tax assets in connection with the sale of the New England Media Group.

The Company had an income tax benefit of \$3.2 million (effective tax rate of 51.7%) in the third quarter of 2012 and income tax expense of \$28.4 million (effective tax rate of 38.4%) in the first nine months of 2012.

THE NEW YORK TIMES COMPANY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Unaudited)

It is reasonably possible that certain income tax examinations may be concluded, or statutes of limitation may lapse, during the next 12 months, which could result in a decrease in unrecognized tax benefits of approximately \$16 million that would, if recognized, impact the effective tax rate.

NOTE 11. DISCONTINUED OPERATIONS

New England Media Group

On August 3, 2013, we entered into an agreement to sell the New England Media Group, consisting of The Boston Globe, BostonGlobe.com, Boston.com, the T&G, Telegram.com and related businesses, to an acquisition company. On October 24, 2013, we completed the sale of substantially all of the assets and operating liabilities of the New England Media Group. See Note 16 for additional information regarding this sale. The results of operations of the New England Media Group have been classified as discontinued operations for all periods presented and certain assets and liabilities are classified as held for sale for all periods presented.

As a result, we triggered complete or partial withdrawal obligations under several multiemployer pension plans. Accordingly, we recorded a pension withdrawal expense estimated to be approximately \$8 million in the third quarter of 2013. The actual liability will not be known until each plan completes a final assessment of the withdrawal liability and issues a demand to us.

The carrying value of goodwill and intangible assets associated with the New England Media Group had been previously written down to zero. During the third quarter of 2013, we estimated the fair value less cost to sell of the group, which resulted in a \$34.3 million impairment charge for fixed assets at the New England Media Group.

About Group

On September 24, 2012, we completed the sale of the About Group, consisting of About.com, ConsumerSearch.com, CalorieCount.com and related businesses, to IAC/InterActiveCorp for \$300.0 million in cash, plus a net working capital adjustment of approximately \$17 million. In 2012, the sale resulted in a pre-tax gain of \$96.7 million (\$61.9 million after-tax). The results of operations of the About Group, which had previously been presented as a reportable segment, have been classified as discontinued operations for all periods presented in 2012.

Regional Media Group

On January 6, 2012, we completed the sale of the Regional Media Group, consisting of 16 regional newspapers, other print publications and related businesses, to Halifax Media Holdings LLC for approximately \$140 million in cash. The net after-tax proceeds from the sale, including a tax benefit, were approximately \$150 million. In 2012, the sale resulted in an after-tax gain of \$23.6 million (including post-closing adjustments recorded in the second and fourth quarters of 2012 totaling \$6.6 million). The results of operations of the Regional Media Group have been classified as discontinued operations for all periods presented in 2012.

The results of operations for the New England Media Group, the About Group and the Regional Media Group presented as discontinued operations are summarized below.

THE NEW YORK TIMES COMPANY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Unaudited)

| (In thousands) | For the Quarters Ended September 29, 2013 | | | | September 23, 2012 | | | |
|---|--|----------------|----------------------------|-------------|----------------------------------|----------------|----------------------------|-----------|
| | New England Media Group | About Group | Regional Media Group | Total | New England Media Group | About Group | Regional Media Group | Total |
| Revenues | \$89,073 | \$— | \$— | \$89,073 | \$93,691 | \$25,616 | \$— | \$119,307 |
| Total operating costs | 85,157 | — | — | 85,157 | 93,233 | 16,687 | — | 109,920 |
| Pension withdrawal expense ⁽¹⁾ | 7,997 | — | — | 7,997 | — | — | — | — |
| Impairment of assets | 34,300 | — | — | 34,300 | — | — | — | — |
| (Loss)/income from joint ventures | (82) | — | — | (82) | 17 | — | — | 17 |
| Interest expense, net | 3 | — | — | 3 | 7 | — | — | 7 |
| Pre-tax (loss)/income | (38,466) | — | — | (38,466) | 468 | 8,929 | — | 9,397 |
| Income tax (benefit)/expense | (19,479) | — | — | (19,479) | 791 | 2,903 | — | 3,694 |
| (Loss)/income from discontinued operations, net of income taxes | \$(18,987) | \$— | \$— | \$(18,987) | \$(323) | \$6,026 | \$— | \$5,703 |

(1) The pension withdrawal expense related to estimated charges for complete or partial withdrawal obligations under multiemployer pension plans triggered by the sale of the New England Media Group.

| (In thousands) | For the Nine Months Ended September 29, 2013 | | | | September 23, 2012 | | | |
|--|---|----------------|----------------------------|-----------|----------------------------------|----------------|----------------------------|------------|
| | New England Media Group | About Group | Regional Media Group | Total | New England Media Group | About Group | Regional Media Group | Total |
| Revenues | \$268,737 | \$— | \$— | \$268,737 | \$287,035 | \$74,970 | \$6,115 | \$368,120 |
| Total operating costs | 262,079 | — | — | 262,079 | 288,360 | 51,140 | 8,017 | 347,517 |
| Pension withdrawal expense ⁽¹⁾ | 7,997 | — | — | 7,997 | — | — | — | — |
| Impairment of assets ⁽²⁾ | 34,300 | — | — | 34,300 | — | 194,732 | — | 194,732 |
| (Loss)/income from joint ventures | (205) | — | — | (205) | (12) | — | — | (12) |
| Interest expense, net | 9 | — | — | 9 | 7 | — | — | 7 |
| Pre-tax loss | (35,853) | — | — | (35,853) | (1,344) | (170,902) | (1,902) | (174,148) |
| Income tax expense/(benefit) | (16,858) | — | — | (16,858) | 391 | (60,065) | (736) | (60,410) |
| Loss from discontinued operations, net of income taxes | (18,995) | — | — | (18,995) | (1,735) | (110,837) | (1,166) | (113,738) |
| Gain/(loss) on sale, net of income taxes | — | — | — | — | — | — | — | — |
| Loss on sale | — | — | — | — | — | — | (4,717) | (4,717) |

Edgar Filing: NEW YORK TIMES CO - Form 10-Q

| | | | | | | | | |
|--|-------------|-----|-----|-------------|------------|-------------|-----------|-------------|
| Income tax benefit ⁽³⁾ | — | — | — | — | — | — | (30,448) | (30,448) |
| Gain on sale, net of income taxes | — | — | — | — | — | — | 25,731 | 25,731 |
| (Loss)/income from discontinued operations, net of income taxes | \$(18,995) | \$— | \$— | \$(18,995) | \$(1,735) | \$(110,837) | \$24,565 | \$(88,007) |

(1) The pension withdrawal expense related to estimated charges for complete or partial withdrawal obligations under multiemployer pension plans triggered by the sale of the New England Media Group.

THE NEW YORK TIMES COMPANY

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)

(Unaudited)

(2) Included in the impairment of assets in 2012 is the impairment of goodwill that related to the About Group for the nine months ended September 23, 2012.

(3) The income tax benefit for the Regional Media Group included a tax deduction for goodwill, which was previously non-deductible, triggered upon the sale of the Regional Media Group.

Included in impairment of assets in 2013 is the impairment of fixed assets held for sale that related to the New England Media Group. During the third quarter of 2013, we estimated the fair value less cost to sell of the group held for sale, using unobservable inputs (Level 3). We recorded a \$34.3 million non-cash charge in the third quarter of 2013 for fixed assets at the New England Media Group to reduce the carrying value of fixed assets to their fair value less cost to sell.

Goodwill is not amortized but tested for impairment annually or in an interim period if certain circumstances indicate a possible impairment may exist. Our policy is to perform our annual goodwill impairment test in the fourth quarter of our fiscal year. However, due to certain impairment indicators at the About Group in the second quarter of 2012, we performed an interim impairment test. As of June 24, 2012, the interim impairment test resulted in a \$194.7 million non-cash charge in the second quarter of 2012 for the impairment of goodwill at the About Group. The impairment charge reduced the carrying value of goodwill to its fair value.

The assets and liabilities classified as held for sale for the New England Media Group, the About Group and the Regional Media Group are summarized below.

| (In thousands) | September 29, 2013 | | | | December 30, 2012 | | | |
|------------------------------------|-------------------------|-------------|----------------------|----------|-------------------------|-------------|----------------------|-----------|
| | New England Media Group | About Group | Regional Media Group | Total | New England Media Group | About Group | Regional Media Group | Total |
| Accounts receivable, net | \$33,389 | \$— | \$— | \$33,389 | \$40,343 | \$— | \$— | \$40,343 |
| Inventories | 1,970 | — | — | 1,970 | 3,078 | — | — | 3,078 |
| Property, plant and equipment, net | 55,056 | — | — | 55,056 | 86,917 | — | — | 86,917 |
| Other assets | 7,225 | — | — | 7,225 | 6,712 | — | — | 6,712 |
| Total assets | 97,640 | — | — | 97,640 | 137,050 | — | — | 137,050 |
| Total liabilities | 30,963 | — | — | 30,963 | 32,373 | — | — | 32,373 |
| Net liabilities | \$66,677 | \$— | \$— | \$66,677 | \$104,677 | \$— | \$— | \$104,677 |

THE NEW YORK TIMES COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Unaudited)

NOTE 12. EARNINGS/(LOSS) PER SHARE

Basic and diluted earnings/(loss) per share have been computed as follows:

| (In thousands, except per share data) | For the Quarters Ended | | For the Nine Months Ended | |
|---|------------------------|-----------------------|---------------------------|-----------------------|
| | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
| Amounts attributable to The New York Times Company common stockholders: | | | | |
| (Loss)/income from continuing operations | \$(5,239) | \$ (2,958) | \$ 18,474 | \$ 45,733 |
| (Loss)/income from discontinued operations, net of income taxes | (18,987) | 5,703 | (18,995) | (88,007) |
| Net (loss)/income | \$(24,226) | \$ 2,745 | \$(521) | \$ (42,274) |
| Average number of common shares outstanding—Basic | 150,033 | 148,254 | 149,724 | 148,042 |
| Incremental shares for assumed exercise of securities | — | — | 6,736 | 3,720 |
| Average number of common shares outstanding—Diluted | 150,033 | 148,254 | 156,460 | 151,762 |
| Basic earnings/(loss) per share attributable to The New York Times Company common stockholders: | | | | |
| (Loss)/income from continuing operations | \$(0.03) | \$ (0.02) | \$ 0.12 | \$ 0.31 |
| (Loss)/income from discontinued operations, net of income taxes | (0.13) | 0.04 | (0.13) | (0.59) |
| Net (loss)/income—Basic | \$(0.16) | \$ 0.02 | \$(0.01) | \$ (0.28) |
| Diluted earnings/(loss) per share attributable to The New York Times Company common stockholders: | | | | |
| (Loss)/income from continuing operations | \$(0.03) | \$ (0.02) | \$ 0.12 | \$ 0.30 |
| (Loss)/income from discontinued operations, net of income taxes | (0.13) | 0.04 | (0.12) | (0.58) |
| Net (loss)/income—Diluted | \$(0.16) | \$ 0.02 | \$— | \$ (0.28) |

The difference between basic and diluted shares is that diluted shares include the dilutive effect of the assumed exercise of outstanding securities. Our warrants, restricted stock units and stock options could have the most significant impact on diluted shares.

Securities that could potentially be dilutive are excluded from the computation of diluted earnings per share when a loss from continuing operations exists or when the exercise price exceeds the market value of our Class A Common Stock, because their inclusion would have an anti-dilutive effect on per share amounts.

The number of stock options that were excluded from the computation of diluted earnings per share, because they were anti-dilutive, was approximately 13 million in the third quarter of 2013 and 9 million in the first nine months of 2013, approximately 18 million in the third quarter of 2012 and approximately 16 million in the first nine months of 2012.

THE NEW YORK TIMES COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Unaudited)

NOTE 13. SUPPLEMENTAL STOCKHOLDERS' EQUITY INFORMATION

Stockholders' equity is summarized as follows:

| (In thousands) | Total New York Times Company Stockholders' Equity | Noncontrolling Interest | Total Stockholders' Equity |
|--|--|----------------------------|----------------------------------|
| Balance as of December 30, 2012 | \$662,325 | \$3,311 | \$665,636 |
| Net loss | (521 |) (304 |) (825 |
| Other comprehensive income, net of tax | 14,211 | — | 14,211 |
| Effect of issuance of shares | 5,767 | — | 5,767 |
| Dividends declared | (5,985 |) — | (5,985 |
| Stock-based compensation | 7,277 | — | 7,277 |
| Balance as of September 29, 2013 | \$683,074 | \$3,007 | \$686,081 |

| (In thousands) | Total New York Times Company Stockholders' Equity | Noncontrolling Interest | Total Stockholders' Equity |
|--|--|----------------------------|----------------------------------|
| Balance as of December 25, 2011 | \$533,678 | \$3,149 | \$536,827 |
| Net loss | (42,274 |) (101 |) (42,375 |
| Other comprehensive income, net of tax | 1,870 | — | 1,870 |
| Effect of issuance of shares | 2,094 | — | 2,094 |
| Stock-based compensation | 5,370 | — | 5,370 |
| Balance as of September 23, 2012 | \$500,738 | \$3,048 | \$503,786 |

The following table summarizes the changes in AOCI by component as of September 29, 2013:

| (In thousands) | Foreign Currency Translation Adjustments | Unrealized Loss on Available-For-Sale Security | Funded Status of Benefit Plans | Total Accumulated Other Comprehensive Loss |
|---|---|---|--------------------------------------|--|
| Balance as of December 30, 2012 | \$11,327 | \$ (431 |) \$(523,462 |) \$(512,566 |
| Other comprehensive income before reclassifications, before tax | 1,497 | 908 | 1,662 | 4,067 |
| Amounts reclassified from accumulated other comprehensive loss, before tax | — | — | 19,792 | 19,792 |
| Income tax expense | 717 | 363 | 8,568 | 9,648 |
| Net current-period other comprehensive income, net of tax | 780 | 545 | 12,886 | 14,211 |
| Balance as of September 29, 2013 | \$12,107 | \$ 114 | \$(510,576 |) \$(498,355 |

THE NEW YORK TIMES COMPANY
 NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
 (Unaudited)

The following table summarizes the reclassifications from AOCI for the periods ended September 29, 2013:

| | For the Quarter Ended September 29, 2013 | For the Nine Months Ended September 29, 2013 |
|--|--|--|
| (In thousands) | | |
| Detail about accumulated other comprehensive loss components | Amounts reclassified from accumulated other comprehensive loss | |
| Funded status of benefit plans: | | |
| Amortization of prior service credit ⁽¹⁾ | \$(4,179 |) (12,537) |
| Recognized actuarial loss ⁽¹⁾ | 10,776 | 32,328 |
| Total reclassification, before tax | 6,597 | 19,791 |
| Income tax expense | 4,196 | 9,648 |
| Total reclassification, net of tax | \$2,401 | \$10,143 |

⁽¹⁾ These items are included in the components of net periodic benefit cost for pension and other retirement benefits.
⁽¹⁾ See Note 9 for additional information.

NOTE 14. SEGMENT INFORMATION

We have one reportable segment. Therefore, all required segment information can be found in the condensed consolidated financial statements.

As of September 29, 2013, we had one operating segment: The New York Times Media Group, which includes The New York Times, the International New York Times, NYTimes.com, international.nytimes.com and related businesses. On August 3, 2013, we entered into an agreement to sell substantially all of the assets and operating liabilities of the New England Media Group. The New England Media Group, which includes the Globe, BostonGlobe.com, Boston.com, the T&G, Telegram.com and related businesses, has been classified as a discontinued operation for all periods presented. See Note 16 for further information on the sale of the New England Media Group. Our operating segment generated revenues principally from circulation and advertising. Other revenues primarily consisted of revenues from news services/syndication, rental income and digital archives.

NOTE 15. CONTINGENT LIABILITIES

Restricted Cash

We were required to maintain \$22.3 million of restricted cash as of September 29, 2013, and \$24.3 million as of December 30, 2012, subject to certain collateral requirements, primarily for obligations under our workers' compensation programs. Restricted cash is included in "Miscellaneous assets" in our Condensed Consolidated Balance Sheets.

Other

We are involved in various legal actions incidental to our business that are now pending against us. These actions are generally for amounts greatly in excess of the payments, if any, that may be required to be made. It is the opinion of management after reviewing these actions with our legal counsel that the ultimate liability that might result from these actions would not have a material adverse effect on our Consolidated Financial Statements.

On September 13, 2013, we received a notice and demand for payment in the amount of approximately \$26.0 million from the Newspaper and Mail Deliverers - Publishers' Pension Fund. We participate in the fund, which covers drivers employed by The New York Times. City & Suburban, a retail and newsstand distribution subsidiary and the largest contributor to the fund, ceased operations in 2009. The fund claims that The New York Times Company partially withdrew from the fund in the plan years ending May 31, 2013 and 2012, as a result of a more than 70% decline in

contributions. We disagree with the plan determination and are disputing the claim vigorously. We do not believe that a loss is probable on this matter and have not recorded a loss contingency for the period ended September 29, 2013.

THE NEW YORK TIMES COMPANY
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS-(Continued)
(Unaudited)

NOTE 16. SUBSEQUENT EVENT

On October 24, 2013, we completed the sale of substantially all of the assets and operating liabilities of the New England Media Group for approximately \$70 million in cash, subject to customary adjustments. We expect the net after-tax proceeds from the sale, including a tax benefit, will be approximately \$75 million.

We retained the pension assets and liabilities (including multiemployer pension liabilities) and postretirement obligations related to employees of the New England Media Group. The transaction will trigger an adjustment in the accounting for these obligations. In the fourth quarter of 2013, we will record an estimated pre-tax \$50 million gain resulting from a remeasurement and curtailment of postretirement benefits, primarily retiree medical obligations. This gain is primarily related to an acceleration of prior service credits from plan amendments announced in prior years, and is due to a reduction in the expected years of future Company service for employees at the New England Media Group.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

We are a global media company that includes newspapers, digital businesses, investments in paper mills and other investments. Our current businesses include The New York Times ("The Times"), the International New York Times, NYTimes.com, international.nytimes.com and related businesses. We generate revenues principally from circulation and advertising. Other revenues primarily consist of revenues from news services/syndication, rental income and digital archives. Our main operating costs primarily consist of employee-related costs and raw materials, primarily newsprint.

Joint Ventures Our investments accounted for under the equity method are currently as follows:

a 49% interest in a Canadian newsprint company, Donohue Malbaie Inc.; and

a 40% interest in a partnership, Madison Paper Industries, operating a supercalendered paper mill in Maine.

During the third quarter and first nine months of 2013, total revenues increased 1.8% and 0.5%, respectively, compared with the same prior-year periods, driven primarily by growth in circulation revenues, partially offset by declines in advertising revenues.

Compared with the prior-year periods, circulation revenues increased 4.8% in the third quarter and 6.5% in the first nine months of 2013, mainly as digital subscription initiatives and the increase in print circulation prices at The Times in early 2013 offset a decline in print copies sold. Revenues from our digital-only subscription packages, e-readers and replica editions increased 29.0% in the third quarter of 2013 and 42.4% in the first nine months of 2013 compared with prior-year periods. We expect circulation revenues to increase in the low single digits in the fourth quarter of 2013 compared with the fourth quarter of 2012 (excluding the impact of the additional week in the fourth quarter of 2012), as we expect to see continued benefit from our digital subscription initiatives as well as from the 2013 print price increases at The Times.

Paid subscribers to digital-only subscription packages, e-readers and replica editions of The Times and the International Herald Tribune totaled approximately 727,000 as of the end of the third quarter of 2013, an increase of approximately 28,000 subscribers from the end of the second quarter of 2013 and an increase of more than 28% year-over-year from the end of the third quarter of 2012. We expect the number of net new additions of digital-only subscribers in the fourth quarter of 2013 to be approximately in line with the third quarter of 2013.

Compared with the prior-year period, total advertising revenues decreased 2.0% in the third quarter of 2013, as print and digital advertising revenues declined 1.6% and 3.4%, respectively. In the first nine months of 2013, advertising revenues decreased 6.3% compared with the same prior-year period, as print and digital advertising revenues declined 7.3% and 3.2%, respectively. While the decline in total advertising revenues continued to moderate in the third quarter relative to the second quarter of 2013 due to a sequential improvement in print advertising revenue trends, the advertising marketplace remained challenging. Advertising revenues continue to be affected by ongoing secular trends, economic factors and an increasingly complex and fragmented digital advertising marketplace, particularly as the abundance of available inventory and a shift toward advertising networks and exchanges, real-time bidding and other programmatic buying channels to buy audience at scale have led to downward pricing pressure. During the third quarter of 2013, total advertising revenues decreased 15.0% in July, and increased 0.2% in August and 6.7% in September, compared with the same prior-year periods in 2012. We expect advertising revenue trends to remain subject to significant month-to-month volatility and to decrease in the low single digits in the fourth quarter of 2013 compared with the fourth quarter of 2012 (excluding the impact of the additional week in the fourth quarter of 2012). Operating costs decreased 1.1% in the third quarter of 2013 compared with the same period in 2012 primarily due to lower pension expense, raw materials expense, distribution costs and outside printing costs, offset in part by higher professional fees. Operating costs decreased 1.8% in the first nine months of 2013 compared with the same prior-year period primarily due to lower compensation and benefits costs, and raw materials expense, offset in part by higher professional fees. We will continue to be diligent in reducing expenses and managing legacy costs going forward, but will also remain prepared to invest where appropriate, especially in light of our strategic initiatives. We expect operating costs to increase in the low single digits in the fourth quarter of 2013 compared with the fourth quarter of 2012 (including the impact of the additional week in the fourth quarter of 2012), as investments around our strategic

growth initiatives accelerate.

As of September 29, 2013, we had cash, cash equivalents and short- and long-term marketable securities of approximately \$938 million and total debt and capital lease obligations of approximately \$683 million. Accordingly, our cash, cash equivalents and marketable securities exceeded total debt and capital lease obligations by approximately \$255 million. Our cash, cash equivalents and marketable securities decreased since the end of 2012, due in part to contributions of approximately \$71 million to certain qualified pension plans and income tax payments of approximately \$50 million during the first nine months of 2013, offset by cash from our current operations. We expect our cash position to improve with the proceeds

from the sale of the New England Media Group that was completed in the fourth quarter of 2013. See “Recent Developments” below.

In September 2013, we announced the initiation of a quarterly dividend in the fourth quarter of \$0.04 per share on our Class A and Class B common stock. We believe this allows us to return capital to our stockholders while also maintaining the financial flexibility necessary to continue to invest in our transformation and growth initiatives. Given current conditions and the expectation of continued volatility in advertising revenue, as well as the early stage of our growth strategy, we believe it is in the best interests of the Company to maintain a conservative balance sheet and a prudent view of our cash flow going forward.

We do not plan to make any further contributions to our qualified pension plans in 2013 beyond mandatory requirements. Including the \$71 million in contributions we made during the first nine months of 2013, we expect to make contributions of approximately \$75 million in total to our qualified pension plans in 2013.

We expect the following on a pre-tax basis in 2013:

• Results from joint ventures: loss of \$2 to \$4 million,

• Depreciation and amortization: \$75 to \$80 million,

• Interest expense, net: \$55 to \$60 million, and

• Capital expenditures: \$15 to \$20 million.

RECENT DEVELOPMENTS

Strategic Initiatives

In April 2013, we announced plans for certain strategic initiatives, including the next phase in The Times’s digital subscription and paid products strategy, The Times’s international expansion under a new unified brand, and a renewed emphasis on both video production and brand extensions. We launched the International New York Times on October 15, 2013, and we plan to execute on the other strategic initiatives in 2014. We estimate that our strategic initiatives will negatively affect our operating profit by \$10 million in the fourth quarter of 2013 and \$15 to \$20 million for the full year 2013 with a modest contribution to revenues while we make significant investments in the growth initiatives. Investments will largely be for product development and subscriber acquisitions, along with new capabilities in product management, customer management and distribution.

Sale of the New England Media Group

On October 24, 2013, we completed the sale of substantially all of the assets and operating liabilities of the New England Media Group, consisting of The Boston Globe, BostonGlobe.com, Boston.com, Worcester Telegram & Gazette, Telegram.com and related properties, for approximately \$70 million in cash, subject to customary adjustments. We expect the net after-tax proceeds from the sale, including a tax benefit, will be approximately \$75 million.

We retained the pension assets and liabilities (including multiemployer pension liabilities) and postretirement obligations related to employees of the New England Media Group. The transaction will trigger an adjustment in the accounting for these obligations. In the fourth quarter of 2013, we will record an estimated pre-tax \$50 million gain resulting from a remeasurement and curtailment of postretirement benefits, primarily retiree medical obligations. This gain is primarily related to an acceleration of prior service credits from plan amendments announced in prior years, and is due to a reduction in the expected years of future Company service for employees at the New England Media Group.

In the third quarter of 2013, we recorded an impairment in the amount of \$34.3 million to reflect assets held for sale at fair value less cost to sell. We triggered complete or partial withdrawal obligations under several multiemployer pension plans. Accordingly, we recorded a pension withdrawal expense estimated to be approximately \$8 million on a pre-tax basis. The actual liability will not be known until each plan completes a final assessment of the withdrawal liability and issues a demand to us.

The results of operations of the New England Media Group have been classified as discontinued operations for all periods presented.

Pension Withdrawal Expense

In the third quarter of 2013, we recorded a \$6.2 million charge related to a partial withdrawal obligation under a multiemployer pension plan.

RESULTS OF OPERATIONS

The following table presents our consolidated financial results.

| (In thousands) | For the Quarters Ended | | | For the Nine Months Ended | | |
|--|------------------------|-----------------------|-------------|---------------------------|-----------------------|-------------|
| | September 29, 2013 | September 23, 2012 | % Change | September 29, 2013 | September 23, 2012 | % Change |
| Revenues | | | | | | |
| Circulation | \$204,156 | \$194,739 | 4.8 | \$616,603 | \$578,914 | 6.5 |
| Advertising | 138,018 | 140,880 | (2.0) | 454,595 | 485,368 | (6.3) |
| Other | 19,564 | 19,718 | (0.8) | 62,172 | 62,945 | (1.2) |
| Total revenues | 361,738 | 355,337 | 1.8 | 1,133,370 | 1,127,227 | 0.5 |
| Operating costs | | | | | | |
| Production costs: | | | | | | |
| Raw materials | 21,064 | 24,343 | (13.5) | 66,913 | 75,963 | (11.9) |
| Wages and benefits | 82,387 | 80,696 | 2.1 | 247,199 | 242,742 | 1.8 |
| Other | 49,144 | 52,331 | (6.1) | 148,286 | 155,173 | (4.4) |
| Total production costs | 152,595 | 157,370 | (3.0) | 462,398 | 473,878 | (2.4) |
| Selling, general and administrative costs | 169,824 | 169,459 | 0.2 | 519,610 | 524,611 | (1.0) |
| Depreciation and amortization | 20,293 | 19,594 | 3.6 | 57,981 | 60,488 | (4.1) |
| Total operating costs | 342,712 | 346,423 | (1.1) | 1,039,989 | 1,058,977 | (1.8) |
| Pension withdrawal expense | 6,171 | — | N/A | 6,171 | — | N/A |
| Operating profit | 12,855 | 8,914 | 44.2 | 87,210 | 68,250 | 27.8 |
| Gain on sale of investment | — | — | N/A | — | 55,645 | * |
| Impairment of investments | — | 600 | * | — | 5,500 | * |
| (Loss)/income from joint ventures | (123) | 1,010 | * | (3,398) | 2,089 | * |
| Interest expense, net | 15,454 | 15,490 | (0.2) | 44,169 | 46,406 | (4.8) |
| (Loss)/income from continuing operations before income taxes | (2,722) | (6,166) | (55.9) | 39,643 | 74,078 | (46.5) |
| Income tax expense/(benefit) | 2,578 | (3,187) | * | 21,473 | 28,446 | (24.5) |
| (Loss)/income from continuing operations | (5,300) | (2,979) | 77.9 | 18,170 | 45,632 | (60.2) |
| (Loss)/income from discontinued operations, net of income taxes | (18,987) | 5,703 | * | (18,995) | (88,007) | (78.4) |
| Net (loss)/income | (24,287) | 2,724 | * | (825) | (42,375) | (98.1) |
| Net loss attributable to the noncontrolling interest | 61 | 21 | * | 304 | 101 | * |
| Net (loss)/income attributable to The New York Times Company common stockholders | \$(24,226) | \$2,745 | * | \$(521) | \$(42,274) | (98.8) |

* Represents an increase or decrease in excess of 100%.

Revenues

Circulation Revenues

Circulation revenues are based on the number of copies of the printed newspaper (through home-delivery subscriptions and single-copy and bulk sales) and digital subscriptions sold and the rates charged to the respective customers. Total circulation revenues consist of revenues from our print and digital products, including digital subscription packages on NYTimes.com and across other digital platforms, and digital subscriptions packages at the International Herald Tribune.

Circulation revenues increased in the third quarter and first nine months of 2013 compared with the same prior-year periods mainly due to digital subscription initiatives and the increase in print circulation prices at The Times in 2013, offset by a decline in print copies sold. Revenues from our digital-only subscription packages, e-readers and replica editions were \$37.7 million in the third quarter of 2013 and \$110.0 million in the first nine months of 2013, an increase of 29.0% and 42.4%, respectively, compared with prior-year periods.

Advertising Revenues

Advertising revenues are primarily determined by the volume, rate and mix of advertisements. During the third quarter and first nine months of 2013, advertising revenues remained under pressure due to ongoing secular trends and economic factors. In addition, the increasingly complex and fragmented digital advertising marketplace contributed to declines in digital advertising revenues. The market for standard web-based digital display advertising continues to experience challenges due to the abundance of available advertising inventory and a shift toward digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audience at scale, causing downward pricing pressure.

Advertising revenues (print and digital) by category were as follows:

| (In thousands) | For the Quarters Ended | | | For the Nine Months Ended | | |
|----------------|------------------------|--------------------|----------|---------------------------|--------------------|----------|
| | September 29, 2013 | September 23, 2012 | % Change | September 29, 2013 | September 23, 2012 | % Change |
| National | \$ 108,920 | \$ 107,034 | 1.8 | \$ 355,419 | \$ 371,597 | (4.4) |
| Retail | 15,186 | 17,874 | (15.0) | 52,612 | 61,665 | (14.7) |
| Classified | 13,085 | 14,836 | (11.8) | 43,226 | 48,541 | (10.9) |
| Other | 827 | 1,136 | (27.2) | 3,338 | 3,565 | (6.4) |
| Total Company | \$ 138,018 | \$ 140,880 | (2.0) | \$ 454,595 | \$ 485,368 | (6.3) |

Below is a percentage breakdown of advertising revenues in the first nine months of 2013 (print and digital).

| National | Classified | | | | | | Total Classified | Other Advertising Revenues | Total |
|----------|---------------------|-------------|-------------|-------------|-------|-----|------------------|----------------------------|-------|
| | Retail and Preprint | Help-Wanted | Real Estate | Auto-motive | Other | | | | |
| 78 | % 12 | % 2 | % 4 | % — | % 3 | % 9 | % 1 | % 100 | % |

Total advertising revenues decreased 2.0% in the third quarter of 2013 and 6.3% in the first nine months of 2013 compared with the same prior-year periods due to lower print and digital advertising revenues across most advertising categories. Print advertising revenues, which represented approximately 76% of total advertising revenues, declined 1.6% in the third quarter of 2013 and 7.3% in the first nine months of 2013. The decline in print advertising revenue in the third quarter of 2013 was mainly due to declines in spending in the retail and classified advertising categories, offset by higher spending in the national advertising category, compared with the same prior-year period. The decline in print advertising revenue in first nine months of 2013 was mainly due to lower spending in the national and retail advertising categories, compared with the same prior-year period, reflecting the secular transformation of our industry

and the uncertain economic environment. These market factors, in addition to an increasingly competitive landscape, also contributed to reduced spending on digital platforms and pricing pressure in digital advertising. Digital advertising revenues declined 3.4% in the

23

third quarter of 2013 and 3.2% in the first nine months of 2013, primarily due to declines in the real estate classified advertising and national display advertising categories, compared with the same prior-year periods.

In the third quarter of 2013, advertising revenues were affected by declines in total retail and classified advertising revenues, offset in part by higher national advertising revenues. In the first nine months of 2013, advertising revenues were affected by declines in total national, retail and classified advertising revenues. In the third quarter of 2013, total national advertising revenues increased mainly driven by growth in the media, luxury and corporate categories, partly offset by declines in the hotel and studio entertainment categories. During the first nine months of 2013, national advertising revenues decreased mainly driven by declines in the studio entertainment, financial services and hotel categories, partly offset by growth in the luxury category. The uncertain national and local economic conditions continued to negatively affect total retail advertising revenues, as retailers cut spending mainly in the department stores and fashion jewelry categories. Secular changes in our industry coupled with the uncertain economic environment contributed to declines in total classified advertising revenues, primarily in the real estate and automotive categories in the third quarter of 2013 and help-wanted and real estate categories in the first nine months of 2013.

Other Revenues

Other revenues primarily consist of revenues from news services/syndication, rental income and digital archives. Other revenues decreased in the third quarter and first nine months of 2013 compared with the same periods in 2012 mainly due to our exit from the education business at the end of 2012, offset in part by increases in digital archives revenues.

Operating Costs

Operating costs were as follows:

| (In thousands) | For the Quarters Ended | | | For the Nine Months Ended | | |
|---|------------------------|--------------------|----------|---------------------------|--------------------|----------|
| | September 29, 2013 | September 23, 2012 | % Change | September 29, 2013 | September 23, 2012 | % Change |
| Production costs: | | | | | | |
| Raw materials | \$21,064 | \$ 24,343 | (13.5) | \$66,913 | \$ 75,963 | (11.9) |
| Wages and benefits | 82,387 | 80,696 | 2.1 | 247,199 | 242,742 | 1.8 |
| Other | 49,144 | 52,331 | (6.1) | 148,286 | 155,173 | (4.4) |
| Total production costs | 152,595 | 157,370 | (3.0) | 462,398 | 473,878 | (2.4) |
| Selling, general and administrative costs | 169,824 | 169,459 | 0.2 | 519,610 | 524,611 | (1.0) |
| Depreciation and amortization | 20,293 | 19,594 | 3.6 | 57,981 | 60,488 | (4.1) |
| Total operating costs | \$342,712 | \$ 346,423 | (1.1) | \$1,039,989 | \$ 1,058,977 | (1.8) |

Production Costs

Production costs decreased in the third quarter of 2013 compared with the same period in 2012 mainly due to lower raw materials expense (approximately \$3 million), primarily newsprint, outside printing costs (approximately \$2 million) and benefits expense (approximately \$1 million), offset in part by higher compensation costs (approximately \$3 million) due to new hires and annual salary increases. Newsprint expense declined 14.6% in the third quarter of 2013 compared with the same period in 2012, with 8.0% from lower pricing and 6.7% from lower consumption. Cost savings from contract negotiations primarily contributed to the decline in outside printing costs. Benefits expense was lower mainly due to a decline in pension expense.

Production costs decreased in the first nine months of 2013 compared with the same period in 2012 primarily due to lower raw materials expense (approximately \$9 million), primarily newsprint, outside printing costs (approximately

\$6 million), benefits expense (approximately \$2 million) and various other costs, offset in part by higher compensation costs (approximately \$6 million) due to new hires and annual salary increases. Newsprint expense declined 13.7% in the first nine months of 2013 compared with the same period in 2012, with 8.1% from lower consumption and 5.7% from lower pricing. Cost savings from contract negotiations primarily contributed to the decline in outside printing costs. Benefits expense was lower mainly due to a decline in pension expense.

Selling, General and Administrative Costs

Selling, general and administrative costs increased in the third quarter of 2013 compared with the same period in 2012 primarily due to higher professional fees (approximately \$4 million), from an increased use of consulting services, benefits expense (approximately \$2 million) and various other costs (approximately \$3 million), offset in part by lower distribution costs (approximately \$3 million). Distribution costs decreased mainly due to volume declines and transportation efficiency.

Selling, general and administrative costs decreased in the first nine months of 2013 compared with the same prior-year period primarily due to lower benefits expense (approximately \$6 million), compensation costs (approximately \$7 million) and distribution costs (approximately \$4 million), offset in part by higher professional fees (approximately \$8 million) from an increased use of consulting services, and various other costs. Benefits expense was lower mainly due to a decline in pension expense. Compensation costs decreased mainly due to lower salary and staffing levels. Lower distribution costs mainly resulted from a decline in print copies sold.

Other Items

Pension Withdrawal Expense

In the third quarter of 2013, we recorded a \$6.2 million charge related to a partial withdrawal obligation under a multiemployer pension plan.

Non-Operating Items

Joint Ventures

Loss from joint ventures was \$0.1 million in the third quarter of 2013 compared with income from joint ventures of \$1.0 million in the third quarter of 2012 primarily due to lower results for the paper mills in which we have an investment.

Loss from joint ventures was \$3.4 million in the first nine months of 2013 compared with income from joint ventures of \$2.1 million in the same period of 2012 primarily due to lower results for the paper mills in which we have an investment.

Gain on Sale of Investment

In the second quarter of 2012, we sold 210 units in Fenway Sports Group, resulting in a pre-tax gain of \$37.8 million. In the first quarter of 2012, we sold 100 of our units in Fenway Sports Group, resulting in a pre-tax gain of \$17.8 million. The sales resulted in a pre-tax gain of \$55.6 million in the first nine months of 2012.

Impairment of Investments

In the first nine months of 2012, we recorded a non-cash impairment charge of \$5.5 million to reduce the carrying value of certain investments to fair value. The impairment charge was primarily related to our investment in Ongo Inc., a consumer service for reading and sharing digital news and information from multiple publishers.

Interest Expense, Net

“Interest expense, net” in our Condensed Consolidated Statements of Operations was as follows:

| | For the Quarters Ended | For the Nine Months Ended |
|--|------------------------|---------------------------|
|--|------------------------|---------------------------|

Edgar Filing: NEW YORK TIMES CO - Form 10-Q

| (In thousands) | September 29, 2013 | September 23, 2012 | September 29, 2013 | September 23, 2012 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Cash interest expense | \$14,494 | \$14,453 | \$41,635 | \$43,249 |
| Non-cash amortization of discount on debt | 1,355 | 1,129 | 3,622 | 3,386 |
| Capitalized interest | — | — | — | (14) |
| Interest income | (395) | (92) | (1,088) | (215) |
| Total interest expense, net | \$15,454 | \$15,490 | \$44,169 | \$46,406 |

25

“Interest expense, net” decreased in the third quarter and first nine months of 2013 compared with the same prior-year periods mainly due to the payment at maturity on September 26, 2012, of all \$75.0 million outstanding aggregate principal amount of our 4.610% senior notes, offset in part by a charge related to the repurchase of \$12.4 million principal amount of our 6.625% senior notes due December 15, 2016 (“6.625% Notes”) in the third quarter of 2013 and \$17.4 million principal amount of our 6.625% Notes in the first nine months of 2013.

Income Taxes

We had an income tax expense of \$2.6 million on a pre-tax loss of \$2.7 million in the third quarter of 2013 and income tax expense of \$21.5 million (effective tax rate of 54.2%) in the first nine months of 2013. Included in the tax expense for the third quarter of 2013 is a charge of \$1.5 million related to the remeasurement of deferred tax assets in connection with the sale of the New England Media Group.

The Company had an income tax benefit of \$3.2 million (effective tax rate of 51.7%) in the third quarter of 2012 and income tax expense of \$28.4 million (effective tax rate of 38.4%) in the first nine months of 2012.

It is reasonably possible that certain income tax examinations may be concluded, or statutes of limitation may lapse, during the next 12 months, which could result in a decrease in unrecognized tax benefits of approximately \$16 million that would, if recognized, impact the effective tax rate.

Discontinued Operations

New England Media Group

On August 3, 2013, we entered into an agreement to sell the New England Media Group, consisting of the Globe, BostonGlobe.com, Boston.com, the T&G, Telegram.com and related businesses, to an acquisition company. On October 24, 2013, we completed the sale of substantially all of the assets and operating liabilities of the New England Media Group for approximately \$70 million in cash, subject to customary adjustments. “See Recent Developments” above for additional information on this transaction. The results of operations of the New England Media Group have been classified as discontinued operations for all periods presented and certain assets are classified as held for sale for all periods presented.

As a result, we triggered complete or partial withdrawal obligations under several multiemployer pension plans. Accordingly, we recorded a pension withdrawal expense estimated to be approximately \$8 million in the third quarter of 2013. The actual liability will not be known until each plan completes a final assessment of the withdrawal liability and issues a demand to us.

The carrying value of goodwill and intangible assets associated with the New England Media Group had been previously written down to zero. During the third quarter of 2013, we estimated the fair value less cost to sell of the group, which resulted in a \$34.3 million impairment charge for fixed assets at the New England Media Group.

About Group

On September 24, 2012, we completed the sale of the About Group, consisting of About.com, ConsumerSearch.com, CalorieCount.com and related businesses, to IAC/InterActiveCorp for \$300.0 million in cash, plus a net working capital adjustment of approximately \$17 million. In 2012, the sale resulted in a pre-tax gain of \$96.7 million (\$61.9 million after-tax). The results of operations of the About Group, which had previously been presented as a reportable segment, have been classified as discontinued operations for all periods presented in 2012.

Regional Media Group

On January 6, 2012, we completed the sale of the Regional Media Group, consisting of 16 regional newspapers, other print publications and related businesses, to Halifax Media Holdings LLC for approximately \$140 million in cash. The net after-tax proceeds from the sale, including a tax benefit, were approximately \$150 million. The sale resulted in an after-tax gain of \$23.6 million (including post-closing adjustments recorded in the second and fourth quarters of 2012 totaling \$6.6 million). The results of operations of the Regional Media Group have been classified as discontinued operations for all periods presented in 2012.

The results of operations for the New England Media Group, the About Group and the Regional Media Group presented as discontinued operations are summarized below.

26

Edgar Filing: NEW YORK TIMES CO - Form 10-Q

| (In thousands) | For the Quarters Ended September 29, 2013 | | | | September 23, 2012 | | | |
|---|--|----------------|----------------------------|-----------|----------------------------------|----------------|----------------------------|-----------|
| | New England Media Group | About Group | Regional Media Group | Total | New England Media Group | About Group | Regional Media Group | Total |
| Revenues | \$89,073 | \$— | \$— | \$89,073 | \$93,691 | \$25,616 | \$— | \$119,307 |
| Total operating costs | 85,157 | — | — | 85,157 | 93,233 | 16,687 | — | 109,920 |
| Pension withdrawal expense ⁽¹⁾ | 7,997 | — | — | 7,997 | — | — | — | — |
| Impairment of assets | 34,300 | — | — | 34,300 | — | — | — | — |
| (Loss)/income from joint ventures | (82) | — | — | (82) | 17 | — | — | 17 |
| Interest expense, net | 3 | — | — | 3 | 7 | — | — | 7 |
| Pre-tax (loss)/income | (38,466) | — | — | (38,466) | 468 | 8,929 | — | 9,397 |
| Income tax (benefit)/expense | (19,479) | — | — | (19,479) | 791 | 2,903 | — | 3,694 |
| (Loss)/income from discontinued operations, net of income taxes | (18,987) | — | — | (18,987) | (323) | 6,026 | — | 5,703 |

(1) The pension withdrawal expense related to estimated charges for complete or partial withdrawal obligations under multiemployer pension plans triggered by the sale of the New England Media Group.

| (In thousands) | For the Nine Months Ended September 29, 2013 | | | | September 23, 2012 | | | |
|---|---|----------------|----------------------------|-----------|----------------------------------|----------------|----------------------------|------------|
| | New England Media Group | About Group | Regional Media Group | Total | New England Media Group | About Group | Regional Media Group | Total |
| Revenues | \$268,737 | \$— | \$— | \$268,737 | \$287,035 | \$74,970 | \$6,115 | \$368,120 |
| Total operating costs | 262,079 | — | — | 262,079 | 288,360 | 51,140 | 8,017 | 347,517 |
| Pension withdrawal expense ⁽¹⁾ | 7,997 | — | — | 7,997 | — | — | — | — |
| Impairment of assets ⁽²⁾ | 34,300 | — | — | 34,300 | — | 194,732 | — | 194,732 |
| (Loss)/income from joint ventures | (205) | — | — | (205) | (12) | — | — | (12) |
| Interest expense, net | 9 | — | — | 9 | 7 | — | — | 7 |
| Pre-tax (loss)/income | (35,853) | — | — | (35,853) | (1,344) | (170,902) | (1,902) | (174,148) |
| Income tax (benefit)/expense | (16,858) | — | — | (16,858) | 391 | (60,065) | (736) | (60,410) |
| (Loss)/income from discontinued operations, net of income taxes | (18,995) | — | — | (18,995) | (1,735) | (110,837) | (1,166) | (113,738) |
| Gain/(loss) on sale, net of income taxes | — | — | — | — | — | — | — | — |
| Loss on sale | — | — | — | — | — | — | (4,717) | (4,717) |

Edgar Filing: NEW YORK TIMES CO - Form 10-Q

| | | | | | | | | |
|--|-------------|-----|-----|-------------|------------|--------------|-----------|-------------|
| Income tax benefit ⁽³⁾ | — | — | — | — | — | — | (30,448) | (30,448) |
| Gain on sale, net of income taxes | — | — | — | — | — | — | 25,731 | 25,731 |
| (Loss)/income from discontinued operations, net of income taxes | \$(18,995) | \$— | \$— | \$(18,995) | \$(1,735) | \$(110,837) | \$24,565 | \$(88,007) |

27

- (1) The pension withdrawal expense related to estimated charges for complete or partial withdrawal obligations under multiemployer pension plans triggered by the sale of the New England Media Group.
- (2) Included in the impairment of assets in 2012 is the impairment of goodwill that related to the About Group for the nine months ended September 23, 2012.
- (3) The income tax benefit for the Regional Media Group included a tax deduction for goodwill, which was previously non-deductible, triggered upon the sale of the Regional Media Group.

Included in impairment of assets in 2013 is the impairment of fixed assets held for sale that related to the New England Media Group. During the third quarter of 2013, we estimated the fair value less cost to sell of the group held for sale, using unobservable inputs (Level 3). We recorded a \$34.3 million non-cash charge in the third quarter of 2013 for fixed assets at the New England Media Group to reduce the carrying value of fixed assets to their fair value less cost to sell.

Goodwill is not amortized but tested for impairment annually or in an interim period if certain circumstances indicate a possible impairment may exist. Our policy is to perform our annual goodwill impairment test in the fourth quarter of our fiscal year. However, due to certain impairment indicators at the About Group in the second quarter of 2012, we performed an interim impairment test. As of June 24, 2012, the interim impairment test resulted in a \$194.7 million non-cash charge in the second quarter of 2012 for the impairment of goodwill at the About Group. The impairment charge reduced the carrying value of goodwill to its fair value.

LIQUIDITY AND CAPITAL RESOURCES

We believe our cash balance and cash provided by operations, in combination with other sources of cash, will be sufficient to meet our financing needs over the next twelve months. As of September 29, 2013, we had cash, cash equivalents and short- and long-term marketable securities of approximately \$938 million and total debt and capital lease obligations of approximately \$683 million. Accordingly, our cash, cash equivalents and marketable securities exceeded total debt and capital lease obligations by approximately \$255 million. Our cash, cash equivalents and marketable securities decreased since the end of 2012, due in part to contributions of approximately \$71 million to certain qualified pension plans and income tax payments of approximately \$50 million during the first nine months of 2013, offset by cash from our current operations. We expect our cash position to improve with the proceeds from the sale of the New England Media Group that was completed in the fourth quarter of 2013.

On September 19, 2013, our board of directors approved a dividend of \$0.04 per share on our Class A and Class B common stock payable on October 24, 2013, to all stockholders of record as of the close of business on October 9, 2013. Our board of directors will continue to evaluate the appropriate dividend level on an ongoing basis in light of our earnings, capital requirements, financial condition, restrictions in any existing indebtedness and other relevant factors.

In the first nine months of 2013, we made pension contributions of approximately \$71 million to certain qualified pension plans. Approximately \$65 million of our contribution for the first nine months of 2013 was made to The New York Times Newspaper Guild pension plan, of which \$28 million was estimated to be necessary to satisfy minimum funding requirements in 2013 or contractually required. Including the first nine months of contributions, we expect to make total contributions of approximately \$75 million in 2013 to our qualified pension plans.

In addition, we repurchased \$12.4 million principal amount of our 6.625% Notes during the third quarter of 2013 and \$17.4 million principal amount of our 6.625% Notes during the first nine months of 2013.

Capital Resources

Sources and Uses of Cash

Cash flows (used in)/provided by category were as follows:

| (In thousands) | For the Nine Months Ended | |
|----------------------|---------------------------|-----------------------|
| | September 29, 2013 | September 23, 2012 |
| Operating Activities | \$ 10,070 | \$ 124,269 |
| Investing Activities | \$(424,581) |) \$34,890 |
| Financing Activities | \$(16,202) |) \$104 |

Operating Activities

Operating cash inflows include cash receipts from circulation and advertising sales and other revenue transactions. Operating cash outflows include payments for employee compensation, pension and other benefits, raw materials, services and supplies, interest and income taxes.

Net cash provided by operating activities decreased in the first nine months of 2013 compared with the same prior-year period primarily due to higher pension contributions and income tax payments. We made contributions to certain qualified pension plans of approximately \$71 million in the first nine months of 2013 compared with

approximately \$37 million in the first nine months of 2012. We also made income tax payments of approximately \$50 million in the first nine months of 2013 compared with approximately \$5 million in the first nine months of 2012.

Investing Activities

Cash from investing activities generally includes proceeds from marketable securities that have matured and the sale of assets, investments or a business. Cash used in investing activities generally includes purchases of marketable securities, payments for capital projects, restricted cash subject to collateral requirements primarily for obligations under our workers' compensation programs, acquisitions of new businesses and investments.

In the first nine months of 2013, net cash used in investing activities was primarily due to net purchases of marketable securities. In the first nine months of 2012, net cash provided by investing activities was mainly due to proceeds from the sale of the Regional Media Group on January 6, 2012, and the sale of 100 of our units in Fenway Sports Group in February 2012 and 210 units in May 2012, offset by net purchases of marketable securities and capital expenditures.

Financing Activities

Cash from financing activities generally includes borrowings under third-party financing arrangements, the issuance of long-term debt and funds from stock option exercises. Cash used in financing activities generally includes the repayment of amounts outstanding under third-party financing arrangements, long-term debt and capital lease obligations.

In the first nine months of 2013, net cash used in financing activities was primarily due to the repurchase of \$17.4 million principal amount of our 6.625% Notes and repayments of capital lease obligations, offset by funds from stock option exercises. See our Condensed Consolidated Statements of Cash Flows for additional information on our sources and uses of cash.

Restricted Cash

We were required to maintain \$22.3 million of restricted cash as of September 29, 2013, subject to certain collateral requirements, primarily for obligations under our workers' compensation programs.

Third-Party Financing

As of September 29, 2013, our current indebtedness included senior notes and the repurchase option related to a sale-leaseback of a portion of our New York headquarters. Our total debt and capital lease obligations consisted of the following:

| (In thousands) | Coupon Rate | September 29, 2013 | December 30, 2012 |
|--|-------------|--------------------|-------------------|
| Senior notes due 2015 | 5.0 % | \$244,048 | \$244,022 |
| Senior notes due 2016 | 6.625 % | 204,924 | 221,523 |
| Option to repurchase ownership interest in headquarters building in 2019 | | 227,300 | 224,510 |
| Total debt | | 676,272 | 690,055 |
| Short-term capital lease obligations ⁽¹⁾ | | 47 | 123 |
| Long-term capital lease obligations | | 6,711 | 6,697 |
| Total capital lease obligations | | 6,758 | 6,820 |
| Total debt and capital lease obligations | | \$683,030 | \$696,875 |

(1)Included in "Accrued expenses and other" in our Condensed Consolidated Balance Sheets.

Based on borrowing rates currently available for debt with similar terms and average maturities, the fair value of our long-term debt was approximately \$814 million as of September 29, 2013, and \$840 million as of December 30, 2012.

During the third quarter of 2013, we repurchased \$12.4 million principal amount of our 6.625% Notes and recorded a \$1.5 million pre-tax charge in connection with the repurchase. During the first nine months of 2013, we repurchased \$17.4 million principal amount of our 6.625% Notes and recorded a \$2.1 million pre-tax charge in connection with the repurchases.

We were in compliance with our covenants under our third-party financing arrangements as of September 29, 2013.

CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are detailed in our Annual Report on Form 10-K for the year ended December 30, 2012. As of September 29, 2013, our critical accounting policies have not changed from December 30, 2012.

CONTRACTUAL OBLIGATIONS & OFF-BALANCE SHEET ARRANGEMENTS

Our contractual obligations and off-balance sheet arrangements are detailed in our Annual Report on Form 10-K for the year ended December 30, 2012 and our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013. As of September 23, 2012, our contractual obligations and off-balance sheet arrangements have not changed materially from June 30, 2013.

FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q, including the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” contains forward-looking statements that relate to future events or our future financial performance. We may also make written and oral forward-looking statements in our SEC filings and otherwise. We have tried, where possible, to identify such statements by using words such as “believe,” “expect,” “intend,” “estimate,” “anticipate,” “will,” “could,” “project,” “plan” and similar expressions in connection with any discussion of future operating or financial performance. Any forward-looking statements are and will be based upon our then-current expectations, estimates and assumptions regarding future events and are applicable only as of the dates of such statements. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those anticipated in any such statements. You should bear this in mind as you consider forward-looking statements. Factors that we think could, individually or in the aggregate, cause our actual results to differ materially from expected and historical results include those described in our Annual Report on Form 10-K for the year ended December 30, 2012, as well as other risks and factors identified from time to time in our SEC filings.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our Annual Report on Form 10-K for the year ended December 30, 2012, details our disclosures about market risk. As of September 29, 2013, there were no material changes in our market risks from December 30, 2012.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our principal executive officer and our principal financial officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934) as of September 29, 2013. Based on such evaluation, our principal executive officer and our principal financial officer concluded that our disclosure controls and procedures were effective to ensure that the information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934 is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms, and is accumulated and communicated to our management, including our principal executive officer and our principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting during the quarter ended September 29, 2013, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

We are involved in various legal actions incidental to our business that are now pending against us. These actions are generally for amounts greatly in excess of the payments, if any, that may be required to be made. It is the opinion of management after reviewing these actions with our legal counsel that the ultimate liability that might result from these actions would not have a material adverse effect on our Consolidated Financial Statements.

On September 13, 2013, we received a notice and demand for payment in the amount of approximately \$26.0 million from the Newspaper and Mail Deliverers - Publishers' Pension Fund. We participate in the fund, which covers drivers employed by The New York Times. City & Suburban, a retail and newsstand distribution subsidiary and the largest contributor to the fund, ceased operations in 2009. The fund claims that The New York Times Company partially withdrew from the fund in the plan years ending May 31, 2013 and 2012, as a result of a more than 70% decline in contributions. We disagree with the plan determination and are disputing the claim vigorously. We do not believe that a loss is probable on this matter and have not recorded a loss contingency for the period ended September 29, 2013.

Item 1A. Risk Factors

There have been no material changes to our risk factors as set forth in "Item 1A-Risk Factors" in our Annual Report on Form 10-K for the year ended December 30, 2012.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

(c) Issuer Purchases of Equity Securities⁽¹⁾

| Period | Total Number of Shares of Class A Common Stock Purchased | Average Price Paid Per Share of Class A Common Stock | Total Number of Shares of Class A Common Stock Purchased as Part of Publicly Announced Plans or Programs | Maximum Number (or Approximate Dollar Value) of Shares of Class A Common Stock that May Yet Be Purchased Under the Plans or Programs |
|--|--|--|--|--|
| (a) | (b) | (c) | (c) | (d) |
| July 1, 2013 – August 4, 2013 | — | — | — | \$ 91,386,000 |
| August 5, 2013 – September 1, 2013 | — | — | — | \$ 91,386,000 |
| September 2, 2013 – September 29, 2013 | — | — | — | \$ 91,386,000 |
| Total for the third quarter of 2013 | — | — | — | \$ 91,386,000 |

(1) On April 13, 2004, our Board of Directors authorized repurchases in an amount up to \$400.0 million. During the third quarter of 2013, we did not purchase any shares of Class A Common Stock pursuant to our publicly announced share repurchase program. As of November 1, 2013, we had authorization from our Board of Directors to repurchase an amount of up to approximately \$91 million of our Class A Common Stock. Our Board of Directors has authorized us to purchase shares from time to time as market conditions permit. There is no expiration date with respect to this authorization.

Item 6. Exhibits

An exhibit index has been filed as part of this Quarterly Report on Form 10-Q and is incorporated herein by reference.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

THE NEW YORK TIMES COMPANY
(Registrant)

Date: November 7, 2013

/s/ JAMES M. FOLLO
James M. Follo
Executive Vice President and
Chief Financial Officer
(Principal Financial Officer)

Exhibit Index to Quarterly Report on Form 10-Q
For the Quarter Ended September 29, 2013

Exhibit No.

| | |
|---------|---|
| 12 | Ratio of Earnings to Fixed Charges. |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification. |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification. |
| 32.1 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 32.2 | Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. |
| 101.INS | XBRL Instance Document. |
| 101.SCH | XBRL Taxonomy Extension Schema Document. |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase Document. |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase Document. |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase Document. |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase Document. |