NEW YORK TIMES CO
Form 10-Q
November 03, 2011

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 25, 2011
Commission file number 1-5837
THE NEW YORK TIMES COMPANY
(Exact name of registrant as specified in its charter)

NEW YORK	13-1102020
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

620 EIGHTH AVENUE, NEW YORK, NEW YORK
(Address of principal executive offices)
10018
(Zip Code)
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 x No o
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 x No o
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 x Accelerated filer o Non-accelerated filer o Smaller reporting company o
Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes o No x
Number of shares of each class of the registrant's common stock outstanding as of October 28, 2011 (exclusive of treasury shares):

Class A Common Stock	146,626,388	shares
Class B Common Stock	818,885	shares

PART I. FINANCIAL INFORMATION
Item 1. 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 25, 2011 (13 weeks)	September 26, 2010	September 25, 2011 (39 weeks)	September 26, 2010
Revenues				
Advertising	$261,779	$ 286,980	$862,954	$ 914,518
Circulation	236,964	229,148	699,898	700,819
Other	38,492	38,205	117,589	116,450
Total revenues	537,235	554,333	1,680,441	1,731,787
Operating costs				
Production costs:				
Raw materials	37,890	39,571	118,040	114,962
Wages and benefits	121,109	123,766	373,127	376,204
Other	73,904	74,047	222,211	223,869
Total production costs	232,903	237,384	713,378	715,035
Selling, general and administrative costs	241,885	255,440	763,878	781,044
Depreciation and amortization	29,402	30,100	87,597	90,816
Total operating costs	504,190	522,924	1,564,853	1,586,895
Impairment of assets	—	16,148	161,318	16,148
Pension withdrawal expense	—	6,268	4,228	6,268
Operating profit/(loss)	33,045	8,993	(49,958)	122,476
Gain on sale of investments	65,273	—	71,171	9,128
(Loss)/income from joint ventures	(1,068)	5,482	(4,026)	22,271
Premium on debt redemption	46,381	—	46,381	—
Interest expense, net	20,039	20,627	69,782	61,825
Income/(loss) from continuing operations before income taxes	30,830	(6,152)	(98,976)	92,050
Income tax expense/(benefit)	15,362	(2,018)	153	50,444
Income/(loss) from continuing operations	15,468	(4,134)	(99,129)	41,606
(Loss)/income from discontinued operations, net of income taxes	—	(224)	—	13
Net income/(loss)	15,468	(4,358)	(99,129)	41,619
Net loss/(income) attributable to the noncontrolling interest	217	97	515	(1,054)
Net income/(loss) attributable to The New York Times Company common stockholders	$15,685	$ (4,261)	$(98,614)	$ 40,565
Amounts attributable to The New York Times Company common stockholders:				
Income/(loss) from continuing operations	$15,685	$ (4,037)	$(98,614)	$ 40,552
(Loss)/income from discontinued operations, net of income taxes	—	(224)	—	13
Net income/(loss)	$15,685	$ (4,261)	$(98,614)	$ 40,565
Average number of common shares outstanding:				

Basic	147,355	145,803	147,103	145,533
Diluted	151,293	145,803	147,103	153,092
Basic earnings/(loss) per share attributable to The New York Times Company common stockholders:				
Income/(loss) from continuing operations	$0.11	$ (0.03)	$(0.67)	$ 0.28
(Loss)/income from discontinued operations, net of income taxes	—	—	—	—
Net income/(loss)	$0.11	$ (0.03)	$(0.67)	$ 0.28
Diluted earnings/(loss) per share attributable to The New York Times Company common stockholders:				
Income/(loss) from continuing operations	$0.10	$ (0.03)	$(0.67)	$ 0.26
Loss/(income) from discontinued operations, net of income taxes	—	—	—	—
Net income/(loss)	$0.10	$ (0.03)	$(0.67)	$ 0.26

See Notes to Condensed Consolidated Financial Statements.

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THE NEW YORK TIMES COMPANY
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	September 25, 2011 (Unaudited)	December 26, 2010
Assets		
Current assets		
Cash and cash equivalents	$93,685	$369,668
Short-term investments	169,764	29,974
Restricted cash	28,628	—
Accounts receivable (net of allowances of $23,800 in 2011 and $30,209 in 2010)	250,921	302,245
Inventories:		
Newsprint and magazine paper	14,956	12,596
Other inventory	4,060	3,536
Total inventories	19,016	16,132
Deferred income taxes	68,875	68,875
Other current assets	49,186	70,338
Total current assets	680,075	857,232
Other assets		
Investments in joint ventures	85,206	134,641
Property, plant and equipment (less accumulated depreciation and amortization of $1,117,481 in 2011 and $1,048,956 in 2010)	1,099,734	1,156,786
Intangible assets acquired:		
Goodwill (less accumulated impairment losses of $957,311 in 2011 and $805,218 in 2010)	491,944	644,464
Other intangible assets acquired (less accumulated amortization of $69,755 in 2011 and $69,383 in 2010)	22,239	35,415
Total intangible assets acquired	514,183	679,879
Deferred income taxes	273,946	255,701
Miscellaneous assets	181,817	201,502
Total assets	$2,834,961	$3,285,741

See Notes to Condensed Consolidated Financial Statements.

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

	September 25, 2011 (Unaudited)	December 26, 2010
Liabilities and stockholders' equity		
Current liabilities		
Accounts payable	$102,298	$113,968
Accrued payroll and other related liabilities	104,494	143,850
Unexpired subscriptions	75,046	72,896
Accrued expenses and other	158,484	173,663
Total current liabilities	440,322	504,377
Other liabilities		
Long-term debt and capital lease obligations	771,991	996,405
Pension benefits obligation	707,710	772,785
Postretirement benefits obligation	127,812	130,623
Other	194,444	217,475
Total other liabilities	1,801,957	2,117,288
Stockholders' equity		
Common stock of $.10 par value:		
Class A – authorized 300,000,000 shares; issued: 2011 – 149,967,099; 2010 – 149,302,487 (including treasury shares: 2011 – 3,340,711; 2010 – 3,970,238)	14,997	14,930
Class B – convertible – authorized and issued shares: 2011 – 818,885; 2010 – 819,125 (including treasury shares: 2011 – 0; 2010 – 0)	82	82
Additional paid-in capital	42,029	40,155
Retained earnings	1,027,680	1,126,294
Common stock held in treasury, at cost	(119,534)	(134,463)
Accumulated other comprehensive loss, net of income taxes:		
Foreign currency translation adjustments	13,118	11,298
Unrealized derivative loss on cash-flow hedge of equity method investment	(680)	(1,143)
Funded status of benefit plans	(388,644)	(397,226)
Total accumulated other comprehensive loss, net of income taxes	(376,206)	(387,071)
Total New York Times Company stockholders' equity	589,048	659,927
Noncontrolling interest	3,634	4,149
Total stockholders' equity	592,682	664,076
Total liabilities and stockholders' equity	$2,834,961	$3,285,741

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 25, 2011 (39 weeks)	September 26, 2010
Cash flows from operating activities		
Net (loss)/income	$(99,129)	$41,619
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:		
Impairment of assets	161,318	16,148
Pension withdrawal expense	4,228	6,268
Gain on sale of investments	(71,171)	(9,128)
Premium on debt redemption	46,381	—
Depreciation and amortization	87,597	90,816
Stock-based compensation expense	5,790	5,835
Undistributed loss/(income) of equity method investments–net of dividends	4,026	(15,946)
Long-term retirement benefit obligations	(59,430)	(97,854)
Other–net	10,341	7,244
Changes in operating assets and liabilities–net of dispositions:		
Account receivables–net	51,324	71,388
Inventories	(2,884)	(5,487)
Other current assets	1,754	776
Accounts payable and other liabilities	(86,421)	(16,196)
Unexpired subscriptions	2,150	(2,854)
Net cash provided by operating activities	55,874	92,629
Cash flows from investing activities		
Purchases of short-term investments	(259,724)	—
Maturities of short-term investments	119,934	—
Proceeds from sale of investments	115,258	13,605
Capital expenditures	(35,457)	(20,305)
Change in restricted cash	(28,628)	—
Proceeds from the sale of assets	6,667	2,265
Proceeds from loan repayments	—	4,500
Net cash (used in)/provided by investing activities	(81,950)	65
Cash flows from financing activities		
Long-term obligations:		
Repayments	(250,442)	(446)
Capital shares:		
Issuances	218	721
Net cash (used in)/provided by financing activities	(250,224)	275
(Decrease)/increase in cash and cash equivalents	(276,300)	92,969
Effect of exchange rate changes on cash and cash equivalents	317	(848)
Cash and cash equivalents at the beginning of the year	369,668	36,520
Cash and cash equivalents at the end of the quarter	$93,685	$128,641

See Notes to Condensed Consolidated Financial Statements.

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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 25, 2011, and December 26, 2010, and the results of operations and cash flows of the Company for the periods ended September 25, 2011, and September 26, 2010. 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 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 (“GAAP”) 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 26, 2010. 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of September 25, 2011, our significant accounting policies, which are detailed in our Annual Report on Form 10-K for the year ended December 26, 2010, have not changed materially.

New Accounting Pronouncements

In September 2011, the Financial Accounting Standards Board (“FASB”) amended its guidance on the disclosure of information in financial statements for multiemployer pension plans to enhance the disclosures by providing more information about the plans in which an employer participates, its level of participation in those plans and the financial health of those plans. The provisions of this new guidance are effective for fiscal years ending after December 15, 2011, with the disclosures being required for all years presented in the initial year of adoption. The adoption of this guidance will expand our disclosures for significant multiemployer pension plans in which we are participants.

In September 2011, the FASB amended its guidance on goodwill impairment testing to reduce the cost and complexity of testing goodwill for impairment by providing the option to first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. The result of this assessment will determine whether it is necessary to perform the two-step test. The provisions of this new guidance are effective for fiscal years beginning after December 15, 2011, with early adoption permitted. We anticipate adopting the new guidance early when we conduct our annual goodwill impairment test in the fourth quarter of 2011. We do not anticipate the adoption of this guidance will have a material impact on our financial statements.

In June 2011, the FASB amended its guidance on the presentation of comprehensive income in financial statements to improve the comparability, consistency and transparency of financial reporting and to increase the prominence of items that are recorded in other comprehensive income. The new accounting guidance requires entities to report components of comprehensive income in either (1) a continuous statement of comprehensive income or (2) two separate but consecutive statements. The provisions of this guidance are effective for fiscal years, and interim periods within those years, beginning after December 15, 2011. We do not anticipate the adoption of this guidance will have a material impact on our financial statements.

In May 2011, the FASB amended its guidance related to fair value measurements in order to align the definition of fair value measurements and the related disclosure requirements between GAAP and International Financial Reporting Standards. These amendments, which are effective for interim and annual periods beginning after December 15, 2011, also change certain existing fair value measurement principles and disclosure requirements. We do not anticipate the adoption of this guidance will have a material impact on our financial statements.

At the beginning of our 2011 fiscal year, we adopted new guidance that amended previous guidance for the accounting of revenue arrangements with multiple deliverables. The adoption of this guidance, which specifically addressed how consideration should be allocated to the separate units of account included in revenue arrangements, did not have a material impact on our financial statements.

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

NOTE 3. SHORT-TERM INVESTMENTS

We have short-term investments, with original maturities of longer than 3 months, in U.S. Treasury securities and commercial paper as of September 25, 2011, and in U.S. Treasury securities as of December 26, 2010. Since we have the intention and ability to hold these investments to maturity, they are classified as held-to-maturity and are reported at amortized cost. The changes in the value of these securities are not reported in our Condensed Consolidated Financial Statements.

The carrying value of the short-term investments (which approximated the fair value) was approximately $165 million in U.S. Treasury securities and approximately $5 million in commercial paper as of September 25, 2011 and approximately $30 million in U.S. Treasury securities as of December 26, 2010. The short-term investments have remaining maturities of about 1 month to 4 months as of September 25, 2011.

NOTE 4. IMPAIRMENT OF ASSETS

In the second quarter of 2011, we recorded a $161.3 million charge for the impairment of assets at the News Media Group. The impairment consisted of the write-down of goodwill at the Regional Media Group of $152.1 million and the write-down of certain assets held for sale of $9.2 million.

Regional Media Group

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 Regional Media Group, including lower-than-expected operating results, we performed an interim impairment test of goodwill as of June 26, 2011. The Regional Media Group is part of the News Media Group reportable segment.

The interim test resulted in an impairment of goodwill of $152.1 million mainly from lower projected long-term operating results and cash flows of the Regional Media Group primarily due to the continued decline in print advertising revenues. These factors resulted in the carrying value of the net assets being greater than their fair value, and therefore a write-down to fair value was required. The impairment charge reduced the carrying value of goodwill at the Regional Media Group to $0.

In determining the fair value of the Regional Media Group, we made significant judgments and estimates regarding the expected severity and duration of the uneven economic environment and the secular changes affecting the newspaper industry in the Regional Media Group markets. The effect of these assumptions on projected long-term revenues, along with the continued benefits from reductions to the group’s cost structure, played a significant role in calculating the fair value of the Regional Media Group.

The fair value of the Regional Media Group’s goodwill was the residual fair value after allocating the total fair value of the Regional Media Group to its other assets, net of liabilities. The total fair value of the Regional Media Group was determined using a combination of a discounted cash flow model (present value of future cash flows) and a market approach model based on comparable businesses. The resulting fair value is considered a Level 3 fair value measurement (significant unobservable inputs for the asset or liabilities). We estimated a flat annual growth rate to arrive at a residual year representing the perpetual cash flows of the Regional Media Group. The residual year cash flow was capitalized to arrive at the terminal value of the Regional Media Group. Utilizing a discount rate of 10.7%, the present value of the cash flows during the projection period and terminal value were aggregated to estimate the fair value of the Regional Media Group. We assumed a flat annual growth rate and a discount rate of 10.7% in the discounted cash flow analysis for the interim impairment test compared with a 2.0% annual growth rate and a 10.5% discount rate used in the 2010 annual impairment test. In determining the appropriate discount rate, we considered the weighted average cost of capital for comparable companies.

Property, plant and equipment is tested for impairment if certain circumstances indicate a possible impairment may exist. Due to the factors discussed above, we completed an interim impairment test of property, plant and equipment as of June 26, 2011. The impairment test was completed at each newspaper (asset group level with the lowest level of cash flows) in the Regional Media Group. Our test did not result in an impairment because the sum of the future undiscounted cash flows at each newspaper was greater than the carrying value of property, plant and equipment.

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

Assets Held for Sale

In the second quarter of 2011, we classified certain assets as held for sale. The carrying value of these assets was greater than their fair value, less cost to sell, resulting in an impairment of certain intangible assets and property totaling $9.2 million. The impairment charge reduced the carrying value of intangible assets to $0 and the property to a nominal value. The fair value for these assets was determined by estimating the most likely sale price with a third-party buyer based on market data. The resulting fair value is considered a Level 3 fair value measurement.

NOTE 5. GOODWILL AND OTHER INTANGIBLE ASSETS ACQUIRED

Goodwill is the excess of cost over the fair value of tangible and other intangible net assets acquired. Goodwill is not amortized but tested for impairment annually or in an interim period if certain circumstances indicate a possible impairment may exist.

Other intangible assets acquired consist primarily of trade names on various acquired properties, content, customer lists and other assets. Other intangible assets acquired that have indefinite lives (trade names) are not amortized but tested for impairment annually or in an interim period if certain circumstances indicate a possible impairment may exist. Certain other intangible assets acquired (content, customer lists and other assets) are amortized over their estimated useful lives and tested for impairment if certain circumstances indicate a possible impairment may exist.

The tables below include goodwill and other intangible assets impaired during the second quarter of 2011 (see Note 4). In addition, the tables below include goodwill and other intangible assets disposed of during the first quarter of 2011 related to the sale of UCompareHealthCare.com, which was part of the About Group.

The changes in the carrying amount of goodwill were as follows:

(In thousands)	News Media Group		About Group		Total	
Balance as of December 26, 2010:						
Goodwill	$1,079,704		$369,978		$1,449,682	
Accumulated impairment losses	(805,218	)	—		(805,218	)
Balance as of December 26, 2010	274,486		369,978		644,464	
Goodwill disposed during year	—		(2,702	)	(2,702	)
Goodwill impaired during year	(152,093	)	—		(152,093	)
Foreign currency translation	2,275		—		2,275	
Balance as of September 25, 2011:						
Goodwill	1,081,979		367,276		1,449,255	
Accumulated impairment losses	(957,311	)	—		(957,311	)
Balance as of September 25, 2011	$124,668		$367,276		$491,944	

Other intangible assets acquired were as follows:

(In thousands, except years)	September 25, 2011 Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Useful Life (Years)	December 26, 2010 Gross Carrying Amount	Accumulated Amortization	Net	Weighted Average Useful Life (Years)
Amortized other intangible assets:								
Content	$21,384	$ (17,483)	$3,901	2	$25,712	$ (16,510)	$9,202	7
Customer lists	24,508	(21,448)	3,060	2	28,316	(21,281)	7,035	6
Other	33,123	(30,824)	2,299	4	36,390	(31,592)	4,798	3
Total	$79,015	$ (69,755)	9,260		$90,418	$ (69,383)	21,035	
Unamortized other intangible assets:								
Trade names			12,979				14,380	
Total other intangible assets acquired			$22,239				$35,415	

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

Amortization expense related to other intangible assets acquired that are subject to amortization was $5.6 million in the first nine months of 2011 and is expected to be $1.5 million for the remainder of fiscal year 2011.

Amortization expense for the next five years related to these intangible assets is expected to be as follows:

(In thousands)	Amount
2012	$4,800
2013	1,600
2014	600
2015	350
2016	270

NOTE 6. INVESTMENTS IN JOINT VENTURES

As of September 25, 2011, our investments in joint ventures consisted of equity ownership interests in the following entities:

Company	Approximate % Ownership	
Metro Boston LLC	49	%
Donohue Malbaie Inc.	49	%
Madison Paper Industries	40	%
quadrantONE LLC	25	%
Fenway Sports Group	7.3	%

See Note 8 for information regarding the sale of a portion of our ownership interest in Fenway Sports Group.

The following table presents summarized unaudited condensed combined income statements for our unconsolidated joint ventures.

(In thousands)	For the Quarters Ended September 30, 2011		For the Quarters Ended September 30, 2010	For the Nine Months Ended September 30, 2011		For the Nine Months Ended September 30, 2010	
Revenues	$389,814		$294,152	$963,626		$724,475	
Costs and expenses	399,531		245,393	963,167		622,957	
Operating (loss)/profit	(9,717	)	48,759	459		101,518	
Other income/(loss)	1,227		2,938	(8,094	)	28,969	
Pre-tax (loss)/income	(8,490	)	51,697	(7,635	)	130,487	
Income tax expense/(benefit)	1,028		366	154		(642	)
Net (loss)/income	(9,518	)	51,331	(7,789	)	131,129	
Net income attributable to noncontrolling interest	6,279		6,973	16,974		18,512	

Net (loss)/income less noncontrolling interest	$(15,797)	$44,358	$(24,763)	$112,617

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

NOTE 7. DEBT OBLIGATIONS

As of September 25, 2011, our current indebtedness included senior notes and 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 25, 2011	December 26, 2010
Senior notes due 2015, called in 2011	14.053	%	$—	$227,680
Senior notes due 2012	4.610	%	74,867	74,771
Senior notes due 2015	5.0	%	249,883	249,860
Senior notes due 2016	6.625	%	220,612	220,102
Option to repurchase ownership interest in headquarters building in 2019			219,952	217,306
Total debt			765,314	989,719
Capital lease obligations			6,707	6,724
Total debt and capital lease obligations			$772,021	$996,443

Prepayment of 14.053% Notes

On August 15, 2011, we prepaid in full all $250.0 million outstanding aggregate principal amount of the 14.053% senior unsecured notes due January 15, 2015 (the "14.053% Notes"). The prepayment totaled approximately $280 million, comprising (1) the $250.0 million aggregate principal amount of the 14.053% Notes, (2) approximately $3 million representing all interest that was accrued and unpaid on the 14.053% Notes to August 15, 2011, and (3) a make-whole premium amount of approximately $27 million due in connection with the prepayment. We funded the prepayment from available cash. As a result of this prepayment, we recorded a $46.4 million pre-tax charge in the third quarter of 2011.

Long-Term Debt

Based on borrowing rates currently available for debt with similar terms and average maturities, the fair value of our long-term debt was approximately $863 million as of September 25, 2011 and $1.1 billion as of December 26, 2010.

New Revolving Credit Facility

In June 2011, we entered into a new $125.0 million asset-backed 5-year revolving credit facility. This new credit facility replaced our $400.0 million revolving credit facility, which was to expire on June 21, 2011. As of September 25, 2011, there were $0 outstanding borrowings under the new credit facility.

Borrowings under the new credit facility will be secured by a lien on certain advertising receivables. In addition, borrowings bear interest at specified margins based on our utilization and at rates that vary between the LIBOR and prime rates (as defined by the credit agreement) depending on the term to maturities we specify. The new credit facility contains various customary affirmative and negative covenants.

Interest Expense, Net

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

(In thousands)	For the Quarters Ended September 25, 2011	September 26, 2010	For the Nine Months Ended September 25, 2011	September 26, 2010
Cash interest expense	$18,712	$18,910	$64,880	$56,922
Non-cash amortization of discount on debt	1,445	2,113	5,632	6,054
Capitalized interest	(11)	(80)	(343)	(100)
Interest income	(107)	(316)	(387)	(1,051)
Total interest expense, net	$20,039	$20,627	$69,782	$61,825

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NOTE 8. OTHER

Gain on Sale of Investments

On July 1, 2011, we sold 390 of our remaining 700 units in Fenway Sports Group for $117.0 million. In the third quarter of 2011, we recorded a pre-tax gain of $65.3 million from the sale. Following the sale, we own 310 units, or 7.3% of Fenway Sports Group. We continue to market our remaining interest in Fenway Sports Group, in whole or in parts.

In the first quarter of 2011, we sold a minor portion of our interest in Indeed.com, a job listing aggregator, resulting in a gain of $5.9 million. We still retain a substantial portion of our initial interest in Indeed.com.

Severance Costs

We recognized severance costs of $3.0 million in the third quarter of 2011 and $5.7 million in the first nine months of 2011. These costs were primarily recognized at the News Media Group related to various initiatives and are primarily recorded in “Selling, general and administrative costs” in our Condensed Consolidated Statements of Operations. As of September 25, 2011, we had a severance liability of approximately $8 million included in “Accrued expenses and other” in our Condensed Consolidated Balance Sheet.

NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

Pension

We sponsor several pension plans, the majority of which have been frozen; participate in The New York Times Newspaper Guild pension plan, a joint Company and Guild-sponsored plan; and make contributions to several multiemployer plans in connection with collective bargaining agreements. These plans cover the majority of our employees.

In the second quarter of 2011, certain employees of The Boston Globe (the “Globe”) represented by a union ratified amendments to their collective bargaining agreement resulting in a partial withdrawal from a multiemployer pension plan. We recorded an estimated $4.2 million charge for our withdrawal obligation under this multiemployer pension plan.

Our Company-sponsored defined benefit pension plans include qualified plans (funded) as well as non-qualified plans (unfunded). These plans provide participating employees with retirement benefits in accordance with benefit formulas detailed in each plan. Our non-qualified plans provide enhanced retirement benefits to select members of management.

The components of net periodic pension cost of all Company-sponsored plans and The New York Times Newspaper Guild pension plan were as follows:

For the Quarters Ended

(In thousands)	September 25, 2011 Qualified Plans	Non-Qualified Plans	All Plans	September 26, 2010 Qualified Plans	Non-Qualified Plans	All Plans
Service cost	$3,019	$377	$3,396	$2,937	$15	$2,952
Interest cost	24,998	3,286	28,284	24,996	3,362	28,358
Expected return on plan assets	(27,953)	—	(27,953)	(28,420)	—	(28,420)
Amortization of prior service cost	201	—	201	201	—	201
Recognized actuarial loss	6,445	804	7,249	4,084	565	4,649
Net periodic pension cost	$6,710	$4,467	$11,177	$3,798	$3,942	$7,740

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	For the Nine Months Ended					
	September 25, 2011			September 26, 2010		
(In thousands)	Qualified Plans	Non-Qualified Plans	All Plans	Qualified Plans	Non-Qualified Plans	All Plans
Service cost	$9,057	$1,131	$10,188	$9,106	$45	$9,151
Interest cost	74,994	9,858	84,852	76,895	10,087	86,982
Expected return on plan assets	(83,859)	—	(83,859)	(85,205)	—	(85,205)
Amortization of prior service cost	603	—	603	603	—	603
Recognized actuarial loss	19,335	2,412	21,747	12,412	3,537	15,949
Net periodic pension cost	$20,130	$13,401	$33,531	$13,811	$13,669	$27,480

In the first nine months of 2011, we made contributions totaling approximately $70 million to certain qualified pension plans. The majority of these contributions were discretionary. Based on our contractual obligations, we expect to make 2011 contributions of approximately $32 million (of which approximately $26 million was made in the first nine months of 2011) to The New York Times Newspaper Guild pension plan. Except for contractual contributions to The New York Times Newspaper Guild pension plan, we have addressed our minimum funding requirements for 2011 and a significant portion for 2012 through discretionary contributions. However, we may make additional discretionary contributions in 2011 to our Company-sponsored qualified pension plans based on cash flows, pension asset performance, interest rates and other factors.

Other Postretirement Benefits

We provide health benefits to retired employees (and their eligible dependents) who meet the definition of an eligible participant and certain age and service requirements, as outlined in the plan document. While we offer pre-age 65 retiree medical coverage to employees who meet certain retiree medical eligibility requirements, we no longer provide post-age 65 retiree medical benefits for employees who retire on or after March 1, 2009. We also contribute to a postretirement plan under the provisions of a collective bargaining agreement. We accrue the costs of postretirement benefits during the employees' active years of service and our policy is to pay our portion of insurance premiums and claims from our general corporate assets.

In October 2011, we amended our retiree medical plan. See Note 16 for additional information.

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

	For the Quarters Ended		For the Nine Months Ended	
(In thousands)	September 25, 2011	September 26, 2010	September 25, 2011	September 26, 2010
Service cost	$290	$269	$870	$807
Interest cost	1,825	2,335	5,475	7,005
Amortization of prior service credit	(3,901)	(3,900)	(11,703)	(11,700)
Recognized actuarial loss	481	782	1,443	2,346

Net periodic postretirement benefit income	$(1,305)	$(514)	$(3,915)	$(1,542)

NOTE 10. INCOME TAXES

We had an effective tax rate of 49.8% in the third quarter of 2011. The effective tax rate was impacted by certain non-deductible items resulting in a higher than customary effective tax rate. Our effective tax rate for the first nine months of 2011 is not meaningful because a portion of the non-cash charge in the second quarter of 2011 for the impairment of the Regional Media Group's goodwill was non-deductible.

We had an effective tax rate of 32.8% in the third quarter of 2010. The effective tax rate was impacted by lower state tax rates applied to the impairment charge associated with the Globe's Billerica, Mass., printing facility, and pension withdrawal expense in the third quarter of 2010. The effective tax rate for the first nine months of 2010 was 54.8%, primarily because of a $10.9 million tax charge for the reduction in future tax benefits for certain retiree health benefits resulting from the federal health care reform legislation enacted in March 2010.

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NOTE 11. DISCONTINUED OPERATIONS

The results of operations for WQXR-FM, a New York City classical radio station, which was sold in October 2009, are presented as discontinued operations. We received proceeds related to the sale of approximately $45 million and recorded a pre-tax gain of approximately $35 million (approximately $19 million after tax) in the fourth quarter of 2009. We had a net loss from discontinued operations of $0.2 million in the third quarter of 2010 and net income from discontinued operations of $13,000 in the first nine months of 2010 as a result of post-closing adjustments to the gain.

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 September 25, 2011	September 26, 2010	For the Nine Months Ended September 25, 2011	September 26, 2010
Amounts attributable to The New York Times Company common stockholders:				
Income/(loss) from continuing operations	$15,685	$ (4,037)	$(98,614)	$ 40,552
(Loss)/income from discontinued operations, net of income taxes	—	(224)	—	13
Net income/(loss)	$15,685	$ (4,261)	$(98,614)	$ 40,565
Average number of common shares outstanding–Basic	147,355	145,803	147,103	145,533
Incremental shares for assumed exercise of securities	3,938	—	—	7,559
Average number of common shares outstanding–Diluted	151,293	145,803	147,103	153,092
Basic earnings/(loss) per share attributable to The New York Times Company common stockholders:				
Income/(loss) from continuing operations	$0.11	$ (0.03)	$(0.67)	$ 0.28
(Loss)/income from discontinued operations, net of income taxes	—	—	—	