

NEW YORK TIMES CO  
Form 10-Q  
July 29, 2016

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 June 26, 2016  
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 (I.R.S. Employer  
incorporation or organization) 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 ☒ 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 July 27, 2016 (exclusive of treasury shares):

Class A Common Stock 160,203,257 shares

Class B Common Stock 816,632 shares

THE NEW YORK TIMES COMPANY  
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## 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)

|                                                                                                                           | June 26,<br>2016<br>(Unaudited) | December 27,<br>2015 |
|---------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------|
| Assets                                                                                                                    |                                 |                      |
| Current assets                                                                                                            |                                 |                      |
| Cash and cash equivalents                                                                                                 | \$400,062                       | \$ 105,776           |
| Short-term marketable securities                                                                                          | 327,641                         | 507,639              |
| Accounts receivable (net of allowances of \$13,783 in 2016 and \$13,485 in 2015)                                          | 149,957                         | 207,180              |
| Prepaid expenses                                                                                                          | 15,173                          | 19,430               |
| Other current assets                                                                                                      | 46,309                          | 22,507               |
| Total current assets                                                                                                      | 939,142                         | 862,532              |
| Other assets                                                                                                              |                                 |                      |
| Long-term marketable securities                                                                                           | 187,679                         | 291,136              |
| Investments in joint ventures                                                                                             | 12,998                          | 22,815               |
| Property, plant and equipment (less accumulated depreciation and amortization of \$886,010 in 2016 and \$856,974 in 2015) | 611,135                         | 632,439              |
| Goodwill                                                                                                                  | 119,765                         | 109,085              |
| Deferred income taxes                                                                                                     | 303,441                         | 309,142              |
| Miscellaneous assets                                                                                                      | 155,081                         | 190,541              |
| Total assets                                                                                                              | \$2,329,241                     | \$2,417,690          |
| 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)

|                                                                                                                                                             | June 26,<br>2016<br>(Unaudited) | December 27,<br>2015 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|----------------------|
| Liabilities and stockholders' equity                                                                                                                        |                                 |                      |
| Current liabilities                                                                                                                                         |                                 |                      |
| Accounts payable                                                                                                                                            | \$75,251                        | \$96,082             |
| Accrued payroll and other related liabilities                                                                                                               | 69,076                          | 98,256               |
| Unexpired subscriptions                                                                                                                                     | 62,812                          | 60,184               |
| Current portion of long-term debt and capital lease obligations                                                                                             | 188,784                         | 188,377              |
| Accrued expenses and other                                                                                                                                  | 130,294                         | 120,686              |
| Total current liabilities                                                                                                                                   | 526,217                         | 563,585              |
| Other liabilities                                                                                                                                           |                                 |                      |
| Long-term debt and capital lease obligations                                                                                                                | 244,898                         | 242,851              |
| Pension benefits obligation                                                                                                                                 | 613,445                         | 627,697              |
| Postretirement benefits obligation                                                                                                                          | 60,068                          | 62,879               |
| Other                                                                                                                                                       | 85,462                          | 92,223               |
| Total other liabilities                                                                                                                                     | 1,003,873                       | 1,025,650            |
| Stockholders' equity                                                                                                                                        |                                 |                      |
| Common stock of \$.10 par value:                                                                                                                            |                                 |                      |
| Class A – authorized: 300,000,000 shares; issued: 2016 – 169,069,650; 2015 – 168,263,533<br>(including treasury shares: 2016 – 8,870,801; 2015 – 7,691,129) | 16,907                          | 16,826               |
| Class B – convertible – authorized and issued shares: 2016 – 816,632; 2015 – 816,635<br>(including treasury shares: 2016 – none; 2015 – none)               | 82                              | 82                   |
| Additional paid-in capital                                                                                                                                  | 143,513                         | 146,348              |
| Retained earnings                                                                                                                                           | 1,313,817                       | 1,328,744            |
| Common stock held in treasury, at cost                                                                                                                      | (171,211 )                      | (156,155 )           |
| Accumulated other comprehensive loss, net of income taxes:                                                                                                  |                                 |                      |
| Foreign currency translation adjustments                                                                                                                    | 1,157                           | 17                   |
| Funded status of benefit plans                                                                                                                              | (501,222 )                      | (509,111 )           |
| Total accumulated other comprehensive loss, net of income taxes                                                                                             | (500,065 )                      | (509,094 )           |
| Total New York Times Company stockholders' equity                                                                                                           | 803,043                         | 826,751              |
| Noncontrolling interest                                                                                                                                     | (3,892 )                        | 1,704                |
| Total stockholders' equity                                                                                                                                  | 799,151                         | 828,455              |
| Total liabilities and stockholders' equity                                                                                                                  | \$2,329,241                     | \$2,417,690          |

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<br>Ended      |                  | For the Six Months<br>Ended    |                  |
|--------------------------------------------------------------------------------------------------|--------------------------------|------------------|--------------------------------|------------------|
|                                                                                                  | June 26,<br>2016<br>(13 weeks) | June 28,<br>2015 | June 26,<br>2016<br>(26 weeks) | June 28,<br>2015 |
| Revenues                                                                                         |                                |                  |                                |                  |
| Circulation                                                                                      | \$219,480                      | \$213,128        | \$437,474                      | \$425,921        |
| Advertising                                                                                      | 131,155                        | 148,599          | 270,835                        | 298,507          |
| Other                                                                                            | 21,995                         | 21,159           | 43,836                         | 42,697           |
| Total revenues                                                                                   | 372,630                        | 382,886          | 752,145                        | 767,125          |
| Operating costs                                                                                  |                                |                  |                                |                  |
| Production costs:                                                                                |                                |                  |                                |                  |
| Wages and benefits                                                                               | 90,630                         | 89,030           | 183,101                        | 179,668          |
| Raw materials                                                                                    | 17,012                         | 18,348           | 34,887                         | 38,625           |
| Other                                                                                            | 45,075                         | 45,395           | 92,591                         | 91,116           |
| Total production costs                                                                           | 152,717                        | 152,773          | 310,579                        | 309,409          |
| Selling, general and administrative costs                                                        | 172,069                        | 176,252          | 350,315                        | 355,049          |
| Depreciation and amortization                                                                    | 15,147                         | 15,810           | 30,619                         | 30,654           |
| Total operating costs                                                                            | 339,933                        | 344,835          | 691,513                        | 695,112          |
| Restructuring charge                                                                             | 11,855                         | —                | 11,855                         | —                |
| Multiemployer pension plan withdrawal expense                                                    | 11,701                         | —                | 11,701                         | 4,697            |
| Pension settlement charges                                                                       | —                              | —                | —                              | 40,329           |
| Operating profit                                                                                 | 9,141                          | 38,051           | 37,076                         | 26,987           |
| Loss from joint ventures                                                                         | (412)                          | (356)            | (42,308)                       | (928)            |
| Interest expense, net                                                                            | 9,097                          | 9,776            | 17,923                         | 21,968           |
| (Loss)/ income from continuing operations before income taxes                                    | (368)                          | 27,919           | (23,155)                       | 4,091            |
| Income tax expense/(benefit)                                                                     | 124                            | 11,700           | (9,077)                        | 2,293            |
| Net (loss)/ income                                                                               | (492)                          | 16,219           | (14,078)                       | 1,798            |
| Net loss attributable to the noncontrolling interest                                             | 281                            | 181              | 5,596                          | 340              |
| Net (loss)/ income attributable to The New York Times Company common stockholders                | \$(211)                        | \$16,400         | \$(8,482)                      | \$2,138          |
| Average number of common shares outstanding:                                                     |                                |                  |                                |                  |
| Basic                                                                                            | 161,128                        | 166,355          | 161,052                        | 165,173          |
| Diluted                                                                                          | 161,128                        | 168,316          | 161,052                        | 167,491          |
| Basic (loss)/earnings per share attributable to The New York Times Company common stockholders   | \$(0.00)                       | \$0.10           | \$(0.05)                       | \$0.01           |
| Diluted (loss)/earnings per share attributable to The New York Times Company common stockholders | \$(0.00)                       | \$0.10           | \$(0.05)                       | \$0.01           |
| Dividends declared per share                                                                     | \$0.00                         | \$0.04           | \$0.04                         | \$0.08           |
| See Notes to Condensed Consolidated Financial Statements.                                        |                                |                  |                                |                  |

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

|                                                                                        | For the Quarters<br>Ended      |                  | For the Six Months<br>Ended    |                  |
|----------------------------------------------------------------------------------------|--------------------------------|------------------|--------------------------------|------------------|
|                                                                                        | June 26,<br>2016<br>(13 weeks) | June 28,<br>2015 | June 26,<br>2016<br>(26 weeks) | June 28,<br>2015 |
| Net (loss)/income                                                                      | \$(492 )                       | \$16,219         | \$(14,078)                     | \$1,798          |
| Other comprehensive income, before tax:                                                |                                |                  |                                |                  |
| (Loss)/income on foreign currency translation adjustments                              | (136 )                         | 1,907            | 1,506                          | (6,620 )         |
| Pension and postretirement benefits obligation                                         | 6,551                          | 9,142            | 13,103                         | 58,480           |
| Other comprehensive income, before tax                                                 | 6,415                          | 11,049           | 14,609                         | 51,860           |
| Income tax expense                                                                     | 2,477                          | 4,256            | 5,580                          | 20,576           |
| Other comprehensive income, net of tax                                                 | 3,938                          | 6,793            | 9,029                          | 31,284           |
| Comprehensive income/(loss)                                                            | 3,446                          | 23,012           | (5,049 )                       | 33,082           |
| Comprehensive loss attributable to the noncontrolling interest                         | 281                            | 130              | 5,596                          | 289              |
| Comprehensive income attributable to The New York Times Company<br>common stockholders | \$3,727                        | \$23,142         | \$547                          | \$33,371         |

See Notes to Condensed Consolidated Financial Statements.

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

|                                                                                   | For the Six Months<br>Ended    |                  |
|-----------------------------------------------------------------------------------|--------------------------------|------------------|
|                                                                                   | June 26,<br>2016<br>(26 weeks) | June 28,<br>2015 |
| Cash flows from operating activities                                              |                                |                  |
| Net (loss)/income                                                                 | \$(14,078 )                    | \$1,798          |
| Adjustments to reconcile net income to net cash provided by operating activities: |                                |                  |
| Restructuring charge                                                              | 11,855                         | —                |
| Pension settlement charges                                                        | —                              | 40,329           |
| Multiemployer pension plan withdrawal expense                                     | 11,701                         | 4,697            |
| Depreciation and amortization                                                     | 30,619                         | 30,654           |
| Stock-based compensation expense                                                  | 5,872                          | 4,670            |
| Undistributed loss of joint ventures                                              | 42,308                         | 928              |
| Long-term retirement benefit obligations                                          | (14,738 )                      | (4,581 )         |
| Uncertain tax positions                                                           | 121                            | 152              |
| Other-net                                                                         | (3,478 )                       | 7,642            |
| Changes in operating assets and liabilities:                                      |                                |                  |
| Accounts receivable-net                                                           | 57,223                         | 58,081           |
| Other current assets                                                              | (19,934 )                      | 7,579            |
| Accounts payable, accrued payroll and other liabilities                           | (78,595 )                      | (87,644 )        |
| Unexpired subscriptions                                                           | 2,628                          | 1,375            |
| Net cash provided by operating activities                                         | 31,504                         | 65,680           |
| Cash flows from investing activities                                              |                                |                  |
| Purchases of marketable securities                                                | (34,912 )                      | (393,839 )       |
| Maturities of marketable securities                                               | 316,515                        | 470,457          |
| Cash distribution from corporate-owned life insurance                             | 38,000                         | —                |
| Acquisition of digital marketing agency                                           | (12,250 )                      | —                |
| Purchase of investments – net of proceeds                                         | (1,350 )                       | (3,242 )         |
| Capital expenditures                                                              | (14,592 )                      | (14,446 )        |
| Change in restricted cash                                                         | 521                            | (1,230 )         |
| Other-net                                                                         | (380 )                         | (270 )           |
| Net cash provided by investing activities                                         | 291,552                        | 57,430           |
| Cash flows from financing activities                                              |                                |                  |
| Long-term obligations:                                                            |                                |                  |
| Repayment of debt and capital lease obligations                                   | (322 )                         | (223,659 )       |
| Dividends paid                                                                    | (12,937 )                      | (13,365 )        |
| Capital shares:                                                                   |                                |                  |
| Stock issuances                                                                   | 93                             | 102,640          |
| Repurchases                                                                       | (15,684 )                      | (9,342 )         |
| Net cash used in financing activities                                             | (28,850 )                      | (143,726 )       |
| Net increase in cash and cash equivalents                                         | 294,206                        | (20,616 )        |
| Effect of exchange rate changes on cash                                           | 80                             | (990 )           |
| Cash and cash equivalents at the beginning of the period                          | 105,776                        | 176,607          |
| Cash and cash equivalents at the end of the period                                | \$400,062                      | \$155,001        |
| 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 management of The New York Times Company (the “Company”), the Condensed Consolidated Financial Statements present fairly the financial position of the Company as of June 26, 2016 and December 27, 2015, and the results of operations and cash flows of the Company for the periods ended June 26, 2016 and June 28, 2015. 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 (“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 27, 2015. 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 second quarter.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements. Actual results could differ from these estimates.

For comparability, certain prior-year amounts have been reclassified to conform with the current period presentation. See Management’s Discussion and Analysis of Results of Operations for additional information regarding reclassified amounts.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As of June 26, 2016, our significant accounting policies, which are detailed in our Annual Report on Form 10-K for the year ended December 27, 2015, have not changed.

Recent Accounting Pronouncements

In March 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2016-09, “Compensation-Stock Compensation,” which provides guidance on accounting for share-based payment transactions, including the income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows. This guidance becomes effective for the Company for fiscal years beginning after December 25, 2016. Early application is permitted. Amendments related to the timing of when excess tax benefits are recognized and classified on the statement of cash flows, forfeitures, minimum statutory withholding requirements, and intrinsic value will be applied using a modified retrospective transition method by means of a cumulative-effect adjustment to equity as of the beginning of the period in which the guidance is adopted.

Amendments related to the presentation of employee taxes paid on the statement of cash flows when the Company withholds shares to meet the minimum statutory withholding requirement will be applied retrospectively.

Amendments requiring recognition of excess tax benefits and tax deficiencies in the income statement and the practical expedient for estimating expected term will be applied prospectively. The Company may elect to apply the amendments related to the presentation of excess tax benefits on the statement of cash flows using either a prospective transition method or a retrospective transition method. We are currently in the process of evaluating the impact of the new stock compensation guidance.

In February 2016, the FASB issued ASU 2016-02, “Leases,” which provides guidance on accounting for leases and disclosure of key information about leasing arrangements. The guidance requires lessees to recognize the following for all operating and finance leases at the commencement date: (1) a lease liability, which is the obligation to make lease payments arising from a lease, measured on a discounted basis and (2) a right-of-use asset representing the lessee’s right to use, or control the use of, the underlying asset for the lease term. A lessee is permitted to make an accounting policy election not to recognize lease assets and lease liabilities for short-term leases with a term of 12

months or less. The guidance does not fundamentally change lessor accounting; however, some changes have been made to align that guidance with the lessee guidance and other areas within GAAP. This guidance becomes effective for the Company for fiscal years beginning after December 30, 2018. Early application is permitted. This guidance will be applied on a modified retrospective basis for leases existing at, or entered into after, the earliest period presented in the financial statements. We are currently in the process of evaluating the impact of the new leasing guidance.

In May 2014, the FASB issued ASU 2014-09, "Revenue from Contracts with Customers," which prescribes a single comprehensive model for entities to use in the accounting of revenue arising from contracts with customers. The new guidance will supersede virtually all existing revenue guidance under GAAP and International Financial Reporting Standards. There are two transition options available to entities: the full retrospective approach or the modified retrospective approach. Under the full retrospective approach, the Company would restate prior periods in compliance with Accounting Standards Codification 250,

“Accounting Changes and Error Corrections.” Alternatively, the Company may elect the modified retrospective approach, which allows for the new revenue standard to be applied to existing contracts as of the effective date and record a cumulative catch-up adjustment to retained earnings. This guidance is effective for fiscal years beginning after December 31, 2017, subject to finalization. Early application is permitted. Subsequently, in March 2016, the FASB issued ASU 2016-08, “Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net),” which clarifies the implementation guidance on principal versus agent considerations in ASU 2014-09. The amendments in ASU 2016-08 do not change the core principle of ASU 2014-09. In April 2016, the FASB also issued ASU 2016-10, “Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing,” to reduce the cost and complexity of applying the guidance on identifying promised goods or services when identifying a performance obligation and improve the operability and understandability of the licensing implementation guidance. The amendments in ASU 2016-10 do not change the core principle of ASU 2014-09. In May 2016, the FASB issued ASU 2016-12, “Revenue from Contracts with Customers (Topic 606): Narrow Scope Improvements and Practical Expedients,” to reduce the cost and complexity of applying the guidance to address certain issues on assessing collectibility, presentation of sales taxes, noncash consideration, and completed contracts and contract modifications at transition. The amendments in ASU 2016-12 do not change the core principle of ASU 2014-09. We are currently in the process of evaluating the impact of the new revenue guidance. The Company considers the applicability and impact of all ASUs. ASUs not specifically identified in our disclosures are either not applicable to the Company or not expected to have a material effect on our financial condition or results of operations.

#### NOTE 3. MARKETABLE SECURITIES

Our marketable debt securities consisted of the following:

| (In thousands)                         | June 26,<br>2016 | December 27,<br>2015 |
|----------------------------------------|------------------|----------------------|
| Short-term marketable securities       |                  |                      |
| U.S Treasury securities                | \$85,451         | \$ 184,278           |
| Corporate debt securities              | 141,425          | 185,561              |
| U.S. agency securities                 | 53,649           | 65,222               |
| Municipal securities                   | —                | 1,363                |
| Certificates of deposit                | 28,246           | 60,244               |
| Commercial paper                       | 18,870           | 10,971               |
| Total short-term marketable securities | \$327,641        | \$ 507,639           |
| Long-term marketable securities        |                  |                      |
| Corporate debt securities              | \$81,358         | \$ 119,784           |
| U.S. agency securities                 | 88,538           | 150,583              |
| U.S Treasury securities                | 17,783           | 20,769               |
| Total long-term marketable securities  | \$187,679        | \$ 291,136           |

As of June 26, 2016, our short-term and long-term marketable securities had remaining maturities of less than 1 month to 12 months and 13 months to 29 months, respectively. See Note 8 for additional information regarding the fair value of our marketable securities.

#### NOTE 4. GOODWILL

The Company acquired HelloSociety, LLC (“HelloSociety”), a digital marketing agency, for \$12.3 million in a cash transaction effective February 29, 2016. Upon acquisition, the Company preliminarily allocated the entire purchase price to intangible assets pending the completion of the valuation of assets acquired and liabilities assumed. During the second quarter of 2016, the Company received the final valuation and adjusted the allocation of the purchase price to recognize the goodwill acquired in the purchase. The remaining intangible assets have been included in “Miscellaneous Assets” in our Condensed Consolidated Balance Sheets.

## THE NEW YORK TIMES COMPANY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

The changes in the carrying amount of goodwill, including goodwill purchased as part of the acquisition of HelloSociety, as of June 26, 2016 and December 27, 2015 were as follows:

| (In thousands)                  | Total<br>Company |
|---------------------------------|------------------|
| Balance as of December 27, 2015 | \$ 109,085       |
| HelloSociety acquisition        | 9,860            |
| Foreign currency translation    | 820              |
| Balance as of June 26, 2016     | \$ 119,765       |

The foreign currency translation line item reflects changes in goodwill resulting from fluctuating exchange rates related to the consolidation of certain international subsidiaries.

## NOTE 5. INVESTMENTS

## Equity Method Investments

As of June 26, 2016, our investments in joint ventures consisted of equity ownership interests in the following entities:

| Company                       | Approximate %<br>Ownership |
|-------------------------------|----------------------------|
| Donohue Malbaie Inc.          | 49 %                       |
| Madison Paper Industries      | 40 %                       |
| Women in the World Media, LLC | 30 %                       |

We have investments in Donohue Malbaie Inc. (“Malbaie”), a Canadian newsprint company, Madison Paper Industries (“Madison”), a partnership that operated a supercalendered paper mill in Maine, and Women in the World Media, LLC, a live-event conference business.

Our Company and UPM-Kymmene Corporation, a Finnish paper manufacturing company, are partners through subsidiary companies in Madison. The Company’s 40% ownership of Madison is through an 80%-owned consolidated subsidiary. UPM-Kymmene owns 60% of Madison, including a 10% interest through a 20% noncontrolling interest in the consolidated subsidiary of the Company. During the first quarter of 2016, we recognized a \$41.4 million loss from joint ventures related to the announced closure of the paper mill operated by Madison. Our proportionate share of the loss was \$20.1 million after tax and adjusted for the allocation of the loss to the noncontrolling interest. During the second quarter of 2016, we recognized an additional \$2.3 million loss from joint ventures, of which \$1.6 million related to certain contract termination costs incurred in connection with the paper mill closure. As a result of these costs, our investment in Madison was decreased to zero and a liability of \$31.9 million was recorded in “Accrued expenses and other” in our Condensed Consolidated Balance Sheets. We believe Madison will have sufficient existing assets to sell and recover, including cash, receivables and inventory, and therefore we do not currently expect that we will be required to use significant cash in the wind down of this investment.

We received no distributions from our equity method investments during the three- and six-month periods ended June 26, 2016 and June 28, 2015.

We purchase newsprint from Malbaie, and previously purchased supercalendered paper from Madison, at competitive prices. Such purchases totaled \$6.6 million and \$6.1 million for the six-month periods ended June 26, 2016 and June 28, 2015, respectively.

## Cost Method Investments

The aggregate carrying amounts of cost method investments included in “Miscellaneous assets” in our Consolidated Balance Sheets were \$13.2 million and \$11.9 million for June 26, 2016 and December 27, 2015, respectively.

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

NOTE 6. DEBT OBLIGATIONS

Our current indebtedness includes 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, except percentages)                                             | June 26,<br>2016 | December 27,<br>2015 |
|--------------------------------------------------------------------------------|------------------|----------------------|
| Senior notes due in December 2016:                                             |                  |                      |
| Principal amount                                                               | \$ 189,170       | \$ 189,170           |
| Less unamortized discount based on imputed interest rate of 6.625%             | 386              | 793                  |
| Total senior notes due in 2016                                                 | 188,784          | 188,377              |
| Option to repurchase ownership interest in headquarters building in 2019:      |                  |                      |
| Principal amount                                                               | 250,000          | 250,000              |
| Less unamortized discount based on imputed interest rate of 13.0%              | 11,869           | 13,905               |
| Total option to repurchase ownership interest in headquarters building in 2019 | 238,131          | 236,095              |
| Capital lease obligations                                                      | 6,767            | 6,756                |
| Total debt and capital lease obligations                                       | 433,682          | 431,228              |
| Less current portion                                                           | 188,784          | 188,377              |
| Total long-term debt and capital lease obligations                             | \$244,898        | \$ 242,851           |

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

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

|                                                 | For the Quarters<br>Ended |                  | For the Six Months<br>Ended |                  |
|-------------------------------------------------|---------------------------|------------------|-----------------------------|------------------|
| (In thousands)                                  | June 26,<br>2016          | June 28,<br>2015 | June 26,<br>2016            | June 28,<br>2015 |
| Interest expense                                | \$ 10,020                 | \$ 9,920         | \$ 19,942                   | \$ 22,089        |
| Amortization of debt costs and discount on debt | 1,191                     | 1,145            | 2,444                       | 2,360            |
| Capitalized interest                            | (165 )                    | (106 )           | (281 )                      | (157 )           |
| Interest income                                 | (1,949 )                  | (1,183 )         | (4,182 )                    | (2,324 )         |
| Total interest expense, net                     | \$9,097                   | \$ 9,776         | \$ 17,923                   | \$ 21,968        |

NOTE 7. OTHER

Streamlining of International Print Operations

On April 26, 2016, we informed employees of proposed measures intended to streamline our international print operations and support future growth efforts. These measures include a redesign of our international print newspaper and the relocation of certain editing and production operations currently conducted in Paris to our locations in Hong Kong and New York. As of June 26, 2016, we incurred \$11.9 million of total costs related to the measures, including \$11.8 million of relocation and severance-related charges and approximately \$0.1 million of lease impairment and other contract-related charges. We expect to incur approximately \$3 million of additional costs in the second half of 2016 in connection with these measures. See Note 15 for additional information.

Severance Costs

We recognized severance costs, other than those associated with the streamlining of the Company’s international print operations, of \$1.7 million and \$1.9 million in the second quarter of 2016 and 2015, respectively, and \$5.3 million and \$3.4 million in the first six months of 2016 and 2015, respectively. These costs are recorded in “Selling, general and administrative costs” in our Condensed Consolidated Statements of Operations.

We had a severance liability of \$21.7 million (inclusive of severance liabilities in connection with the streamlining of our international print operations) and \$14.9 million included in “Accrued expenses and other” in our Condensed Consolidated Balance Sheets as of June 26, 2016 and December 27, 2015, respectively.



## THE NEW YORK TIMES COMPANY

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## Advertising Expenses

Advertising expenses incurred to promote our consumer and marketing services were \$20.1 million and \$21.1 million in the second quarter of 2016 and 2015, respectively, and \$41.2 million and \$42.5 million in the first six months of 2016 and 2015, respectively.

## Capitalized Computer Software Costs

Amortization of capitalized computer software costs included in “Depreciation and amortization” in our Condensed Consolidated Statements of Operations was \$2.7 million and \$3.1 million in the second quarter of 2016 and 2015, respectively, and \$5.7 million and \$6.0 million in the first six months of 2016 and 2015, respectively.

## 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 table summarizes our financial liabilities measured at fair value on a recurring basis as of June 26, 2016 and December 27, 2015:

| (In thousands)        | June 26, 2016 |          |         |         | December 27, 2015 |          |         |         |
|-----------------------|---------------|----------|---------|---------|-------------------|----------|---------|---------|
|                       | Total         | Level 1  | Level 2 | Level 3 | Total             | Level 1  | Level 2 | Level 3 |
| Deferred compensation | \$29,569      | \$29,569 | \$      | —\$     | —\$35,578         | \$35,578 | \$      | —\$     |

The deferred compensation liability, included in “Other liabilities—Other” in our Condensed Consolidated Balance Sheets, consists of deferrals under The New York Times Company Deferred Executive Compensation Plan (the “DEC”), 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 and on quoted prices in active markets for identical assets. Participation in the DEC was frozen effective December 31, 2015.

## Financial Instruments Disclosed, But Not Reported, at Fair Value

Our marketable 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 June 26, 2016 and December 27, 2015, the amortized cost approximated fair value because of the short-term maturity and highly liquid nature of these investments. 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 \$238 million as of June 26, 2016 and \$236 million as of December 27, 2015. The fair value of our long-term debt was \$312 million and \$316 million as of June 26, 2016 and December 27, 2015, respectively. 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).

## THE NEW YORK TIMES COMPANY

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## NOTE 9. PENSION AND OTHER POSTRETIREMENT BENEFITS

## Pension

## Single-Employer Plans

We sponsor several single-employer defined benefit pension plans, the majority of which have been frozen. We also participate in two joint Company and Guild-sponsored defined benefit pension plans covering employees who are members of The News Guild of New York, including The Newspaper Guild of New York - The New York Times Pension Fund, which was frozen in 2012 and replaced by a successor plan, The Guild-Times Adjustable Pension Plan. The components of net periodic pension cost were as follows:

| (In thousands)                       | For the Quarters Ended   |                     |           |                 |                     |           |
|--------------------------------------|--------------------------|---------------------|-----------|-----------------|---------------------|-----------|
|                                      | June 26, 2016            |                     |           | June 28, 2015   |                     |           |
|                                      | Qualified Plans          | Non-Qualified Plans | All Plans | Qualified Plans | Non-Qualified Plans | All Plans |
| Service cost                         | \$2,248                  | \$ —                | \$2,248   | \$2,987         | \$ —                | \$2,987   |
| Interest cost                        | 16,573                   | 2,034               | 18,607    | 18,514          | 2,502               | 21,016    |
| Expected return on plan assets       | (27,789 )                | —                   | (27,789 ) | (28,832 )       | —                   | (28,832 ) |
| Amortization of actuarial loss       | 7,068                    | 1,053               | 8,121     | 9,479           | 1,270               | 10,749    |
| Amortization of prior service credit | (486 )                   | —                   | (486 )    | (486 )          | —                   | (486 )    |
| Net periodic pension (income)/cost   | \$(2,386)                | \$ 3,087            | \$ 701    | \$ 1,662        | \$ 3,772            | \$ 5,434  |
| (In thousands)                       | For the Six Months Ended |                     |           |                 |                     |           |
|                                      | June 26, 2016            |                     |           | June 28, 2015   |                     |           |
|                                      | Qualified Plans          | Non-Qualified Plans | All Plans | Qualified Plans | Non-Qualified Plans | All Plans |
| Service cost                         | \$4,495                  | \$ —                | \$4,495   | \$5,975         | \$ —                | \$5,975   |
| Interest cost                        | 33,147                   | 4,068               | 37,215    | 37,452          | 5,004               | 42,456    |
| Expected return on plan assets       | (55,579 )                | —                   | (55,579 ) | (57,607 )       | —                   | (57,607 ) |
| Amortization of actuarial loss       | 14,137                   | 2,106               | 16,243    | 18,876          | 2,540               | 21,416    |
| Amortization of prior service credit | (972 )                   | —                   | (972 )    | (972 )          | —                   | (972 )    |
| Effect of settlement                 | —                        | —                   | —         | 40,329          | —                   | 40,329    |
| Net periodic pension (income)/cost   | \$(4,772)                | \$ 6,174            | \$ 1,402  | \$ 44,053       | \$ 7,544            | \$ 51,597 |

During the first six months of 2016 and 2015, we made pension contributions of \$3.9 million and \$3.2 million, respectively, to certain qualified pension plans. We expect to make total contributions of \$7.6 million in 2016 to satisfy funding requirements.

In the first quarter of 2016, we changed the methodology used to calculate the service and interest components of net periodic benefit cost for retirement plans to provide a more precise measurement of service and interest costs.

Historically, we calculated these service and interest components utilizing a single weighted-average discount rate derived from the yield curve used to measure the benefit obligation at the beginning of the period. Beginning in the first quarter of 2016, we elected to utilize an approach that discounts the individual expected cash flows using the applicable spot rates derived from the yield curve over the projected cash flow period. We have accounted for this change as a change in accounting estimate that is inseparable from a change in accounting principle and accordingly have accounted for it prospectively.

As part of our strategy to reduce the pension obligations and the resulting volatility of our overall financial condition, we have offered lump-sum payments to certain former employees participating in both our qualified and non-qualified pension plans. In the first quarter of 2015, we recorded a pension settlement charge of \$40.3 million in connection with a lump-sum payment offer made to certain former employees who participated in certain qualified pension plans. These lump-sum payments totaled \$98.3 million and were made with cash from the qualified pension plans, not with

Company cash. The effect of this lump-sum payment offer was to reduce our pension obligations by \$142.8 million.

## THE NEW YORK TIMES COMPANY

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

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## Multiemployer Plans

During the second quarter of 2016 and the first quarter of 2015 we recorded charges of \$11.7 million and \$4.7 million, respectively, related to partial withdrawal obligations under multiemployer pension plans. The \$11.7 million charge followed an unfavorable arbitration decision in the second quarter of 2016. See Note 14 for additional information with respect to the arbitration.

## Other Postretirement Benefits

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

|                                            | For the Quarters<br>Ended |                  | For the Six<br>Months Ended |                  |
|--------------------------------------------|---------------------------|------------------|-----------------------------|------------------|
| (In thousands)                             | June 26,<br>2016          | June 28,<br>2015 | June 26,<br>2016            | June 28,<br>2015 |
| Service cost                               | \$ 104                    | \$ 147           | \$ 208                      | \$ 294           |
| Interest cost                              | 495                       | 689              | 990                         | 1,377            |
| Amortization of actuarial loss             | 1,026                     | 1,303            | 2,052                       | 2,606            |
| Amortization of prior service credit       | (2,110)                   | (2,475 )         | (4,220)                     | (4,950 )         |
| Net periodic postretirement benefit income | \$(485)                   | \$ (336 )        | \$(970)                     | \$ (673 )        |

## NOTE 10. INCOME TAXES

The Company had income tax expense of \$0.1 million in the second quarter of 2016 and an income tax benefit of \$9.1 million in the first six months of 2016. The Company had income tax expense of \$11.7 million and \$2.3 million in the second quarter and first six months of 2015, respectively. The income tax benefit in the first six months of 2016 was due to the \$23.2 million loss from continuing operations before taxes for that period.

## NOTE 11. EARNINGS/(LOSS) PER SHARE

We compute earnings/(loss) per share using a two-class method, an earnings allocation method used when a company's capital structure includes either two or more classes of common stock or common stock and participating securities. This method determines earnings/(loss) per share based on dividends declared on common stock and participating securities (i.e., distributed earnings), as well as participation rights of participating securities in any undistributed earnings.

Earnings/(loss) per share is computed using both basic shares and diluted shares. The difference between basic and diluted shares is that diluted shares include the dilutive effect of the assumed exercise of outstanding securities. Our stock options, stock-settled long-term performance awards and restricted stock units could have the most significant impact on diluted shares. The decrease in our basic shares is primarily due to repurchases of the Company's Class A Common Stock.

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 result in an anti-dilutive effect on per share amounts.

The number of stock options excluded from the computation of diluted earnings per share because they were anti-dilutive was approximately 6 million in the second quarter and first six months of 2016 and approximately 5 million in the second quarter and first six months of 2015.

## THE NEW YORK TIMES COMPANY

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## NOTE 12. SUPPLEMENTAL STOCKHOLDERS' EQUITY INFORMATION

Stockholders' equity is summarized as follows:

| (In thousands)                         | Total New<br>York Times<br>Company<br>Stockholders'<br>Equity | Noncontrolling<br>Interest | Total<br>Stockholders'<br>Equity |
|----------------------------------------|---------------------------------------------------------------|----------------------------|----------------------------------|
| Balance as of December 27, 2015        | \$ 826,751                                                    | \$ 1,704                   | \$ 828,455                       |
| Net loss                               | (8,482 )                                                      | (5,596 )                   | (14,078 )                        |
| Other comprehensive income, net of tax | 9,029                                                         | —                          | 9,029                            |
| Effect of issuance of shares           | (9,194 )                                                      | —                          | (9,194 )                         |
| Share repurchases                      | (15,056 )                                                     | —                          | (15,056 )                        |
| Dividends declared                     | (6,445 )                                                      | —                          | (6,445 )                         |
| Stock-based compensation               | 6,440                                                         | —                          | 6,440                            |
| Balance as of June 26, 2016            | \$ 803,043                                                    | \$ (3,892 )                | \$ 799,151                       |

| (In thousands)                         | Total New<br>York Times<br>Company<br>Stockholders'<br>Equity | Noncontrolling<br>Interest | Total<br>Stockholders'<br>Equity |
|----------------------------------------|---------------------------------------------------------------|----------------------------|----------------------------------|
| Balance as of December 28, 2014        | \$ 726,328                                                    | \$ 2,021                   | \$ 728,349                       |
| Net income/(loss)                      | 2,138                                                         | (340 )                     | 1,798                            |
| Other comprehensive income, net of tax | 31,233                                                        | 51                         | 31,284                           |
| Effect of issuance of shares           | 100,589                                                       | —                          | 100,589                          |
| Share repurchases                      | (9,342 )                                                      | —                          | (9,342 )                         |
| Dividends declared                     | (13,375 )                                                     | —                          | (13,375 )                        |
| Stock-based compensation               | 4,567                                                         | —                          | 4,567                            |
| Balance as of June 28, 2015            | \$ 842,138                                                    | \$ 1,732                   | \$ 843,870                       |

In January 2009, pursuant to a securities purchase agreement, we issued warrants to affiliates of Carlos Slim Helú, then the beneficial owner of approximately 8% of our Class A Common Stock (excluding the warrants), to purchase 15.9 million shares of our Class A Common Stock at a price of \$6.3572 per share. On January 14, 2015, the warrant holders exercised these warrants in full and the Company received cash proceeds of \$101.1 million from this exercise. On January 13, 2015, the Board of Directors terminated an existing authorization to repurchase shares of the Company's Class A Common Stock and approved a new repurchase authorization of \$101.1 million, equal to the cash proceeds received by the Company from the exercise of warrants. As of June 26, 2016, the Company had repurchased 6,690,905 Class A shares under this authorization for a cost of \$84.9 million (excluding commissions) and \$16.2 million remained. Our Board of Directors has authorized us to purchase shares under this authorization from time to time as market conditions permit. There is no expiration date with respect to this authorization.

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The following table summarizes the changes in AOCI by component as of June 26, 2016:

| (In thousands)                                                                            | Foreign<br>Currency<br>Translation<br>Adjustments | Funded<br>Status of<br>Benefit<br>Plans | Total<br>Accumulated<br>Other<br>Comprehensive<br>Loss |
|-------------------------------------------------------------------------------------------|---------------------------------------------------|-----------------------------------------|--------------------------------------------------------|
| Balance as of December 27, 2015                                                           | \$ 17                                             | \$(509,111)                             | \$(509,094 )                                           |
| Other comprehensive income before reclassifications, before tax <sup>(1)</sup>            | 1,506                                             | —                                       | 1,506                                                  |
| Amounts reclassified from accumulated other comprehensive loss, before tax <sup>(1)</sup> | —                                                 | 13,103                                  | 13,103                                                 |
| Income tax expense <sup>(1)</sup>                                                         | 366                                               | 5,214                                   | 5,580                                                  |
| Net current-period other comprehensive income, net of tax                                 | 1,140                                             | 7,889                                   | 9,029                                                  |
| Balance as of June 26, 2016                                                               | \$ 1,157                                          | \$(501,222)                             | \$(500,065 )                                           |

<sup>(1)</sup> All amounts are shown net of noncontrolling interest.

The following table summarizes the reclassifications from AOCI for the six months ended June 26, 2016:

| (In thousands)                                               | Amounts<br>reclassified<br>from<br>accumulated<br>other<br>comprehensive<br>loss | Affect line item in the statement where net income<br>is presented |
|--------------------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------|
| Detail about accumulated other comprehensive loss components |                                                                                  |                                                                    |
| Funded status of benefit plans:                              |                                                                                  |                                                                    |
| Amortization of prior service credit <sup>(1)</sup>          | \$ (5,192 )                                                                      | Selling, general & administrative costs                            |
| Amortization of actuarial loss <sup>(1)</sup>                | 18,295                                                                           | Selling, general & administrative costs                            |
| Total reclassification, before tax <sup>(2)</sup>            | 13,103                                                                           |                                                                    |
| Income tax expense                                           | 5,214                                                                            | Income tax (benefit)/expense                                       |
| Total reclassification, net of tax                           | \$ 7,889                                                                         |                                                                    |

<sup>(1)</sup> These accumulated other comprehensive income components are included in the computation of net periodic benefit cost for pension and other retirement benefits. See Note 9 for additional information.

<sup>(2)</sup> There were no reclassifications relating to noncontrolling interest for the quarter ended June 26, 2016.

#### NOTE 13. SEGMENT INFORMATION

We have one reportable segment that includes The New York Times, International New York Times, NYTimes.com, international.nytimes.com and related businesses. Therefore, all required segment information can be found in the Condensed Consolidated Financial Statements.

Our operating segment generated revenues principally from circulation and advertising. Other revenues consist primarily of revenues from news services/syndication, digital archives, rental income, our NYT Live business and e-commerce.

#### NOTE 14. CONTINGENT LIABILITIES

##### Restricted Cash

We were required to maintain \$28.2 million of restricted cash as of June 26, 2016 and \$28.7 million as of December 27, 2015, the majority of which is set aside to collateralize workers' compensation obligations.

##### Newspaper and Mail Deliverers—Publishers' Pension Fund

In September 2013, the Newspaper and Mail Deliverers-Publishers' Pension Fund (the "NMDU Fund") assessed a partial withdrawal liability against the Company in the amount of approximately \$26 million for the plan years ending May 31, 2012 and 2013 (the "Initial Assessment"), an amount that was increased to approximately \$34 million in December

2014, when the NMDU Fund issued a revised partial withdrawal liability assessment for the plan year ending May 31, 2013 (the “Revised Assessment”). The NMDU Fund claimed that when City & Suburban Delivery Systems, Inc., a retail and newsstand distribution subsidiary of the Company and the largest contributor to the NMDU Fund, ceased operations in 2009, it triggered a decline of more than 70% in contribution base units in each of these two plan years. The Company disagreed with both the NMDU Fund’s determination that a partial withdrawal occurred and the methodology by which it calculated the withdrawal

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liability, and the parties engaged in arbitration proceedings to resolve the matter.

On June 14, 2016, the arbitrator issued an interim award and opinion that supported the NMDU Fund's determination that a partial withdrawal had occurred in each of the two plan years. The arbitrator agreed with the methodology by which the NMDU Fund calculated the Initial Assessment, but concluded that the NMDU Fund's calculation of the Revised Assessment was overstated by \$7.5 million.

The Company expects to appeal the arbitrator's decision following the issuance of the final award and opinion. As a result of the interim decision, the Company established a liability of \$11.3 million in the second quarter of 2016.

Management believes it is reasonably possible that the total loss in this matter could exceed the liability established by a range of zero to approximately \$10 million.

As required by the Employee Retirement Income Security Act of 1974, the Company has been making the quarterly payments to the NMDU Fund set forth in the demand letters. As of June 26, 2016, we have paid \$15.1 million since the receipt of the initial demand letter (of which \$9.9 million related to the Initial Assessment and \$5.2 million related to the Revised Assessment), including \$3.5 million in 2016. Subsequent to that date, the NMDU Fund returned \$5.0 million principal and interest to the Company in recognition of the arbitrator's finding that the Revised Assessment was overstated. The \$5.0 million reimbursement will be recorded in the third quarter of 2016 as that is when the gain associated with the Revised Assessment was realized. The Company will continue to make required payments during the pendency of the appeal.

Worcester Telegram & Gazette Corporation

The Company is involved in class action litigation brought on behalf of individuals who, from 2006 to 2011, delivered newspapers at the Worcester Telegram & Gazette Corporation ("Worcester"), a subsidiary of the Company. The plaintiffs are asserting several claims against Worcester, including a challenge to their classification as independent contractors, and seek unspecified damages. In April 2016, the parties engaged in an unsuccessful mediation process to resolve the litigation. The Company believes that the claims made by the plaintiffs are without merit and continues to vigorously defend its position. The Company is unable to estimate a loss or range of possible losses at this time.

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. Although the Company cannot predict the outcome of these matters, it is possible that an unfavorable outcome in one or more matters could be material to the Company's consolidated results of operations or cash flows for an individual reporting period. However, based on currently available information, management does not believe that the ultimate resolution of these matters, individually or in the aggregate, is likely to have a material effect on the Company's financial position.

NOTE 15. SUBSEQUENT EVENTS

On June 28, 2016, our Board of Directors approved a dividend of \$0.04 per share on our Class A and Class B common stock that was paid on July 28, 2016, to all stockholders of record as of the close of business on July 13, 2016. 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.

On July 4, 2016, the Company reached an agreement with the employee works council in Paris (which was subsequently approved by the labor department) regarding proposed measures to streamline the Company's international print operations. As of June 26, 2016, the Company incurred \$11.9 million of total costs related to the proposed measures. As a result of this agreement, we expect to incur approximately \$3 million of additional costs in the second half of 2016 in connection with these measures.

On July 13, 2016, the Company received \$5.0 million from the NMDU Fund in connection with an ongoing arbitration matter. See Note 14 for additional information.

The Company offered a voluntary buyout program to certain employees, which extended until July 15, 2016. Based on the number of employees who accepted the offer, the Company expects to incur severance costs of approximately \$11 million in the third quarter of 2016 in connection with the program.



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

### EXECUTIVE OVERVIEW

We are a global media organization that includes newspapers, print and digital products and investments. We have one reportable segment with businesses that include our newspapers, websites, mobile applications and related businesses. We generate revenues principally from circulation and advertising. Other revenues primarily consist of revenues from news services/syndication, digital archives, rental income, our NYT Live business and e-commerce. Our main operating costs are employee-related costs.

In the accompanying analysis of financial information, we present certain information derived from consolidated financial information but not presented in our financial statements prepared in accordance with generally accepted accounting principles in the United States of America ("GAAP"). We are presenting in this report supplemental non-GAAP financial performance measures that exclude depreciation, amortization, severance, non-operating retirement costs and certain identified special items, as applicable. These non-GAAP financial measures should not be considered in isolation from or as a substitute for the related GAAP measures, and should be read in conjunction with financial information presented on a GAAP basis. For further information and reconciliations of these non-GAAP measures to the most directly comparable GAAP measures, see "Results of Operations—Non-GAAP Financial Measures."

#### Financial Highlights

For the second quarter of 2016, diluted loss per share from continuing operations was \$0.00, compared with diluted earnings per share of \$0.10 for the second quarter of 2015. Diluted earnings per share from continuing operations excluding severance, non-operating retirement costs and special items discussed below (or "adjusted diluted earnings per share," a non-GAAP measure) were \$0.11 and \$0.13 for the second quarters of 2016 and 2015, respectively.

The Company had an operating profit of \$9.1 million in the second quarter of 2016, compared with \$38.1 million for the second quarter of 2015. The decline was driven by costs incurred in connection with measures to streamline the Company's international print operations, a charge for a partial withdrawal obligation under a multiemployer pension plan and lower advertising revenues. Operating profit before depreciation, amortization, severance, non-operating retirement costs and special items discussed below (or "adjusted operating profit," a non-GAAP measure) was \$54.5 million and \$64.4 million for the second quarters of 2016 and 2015, respectively.

Total revenues decreased 2.7% to \$372.6 million in the second quarter of 2016 from \$382.9 million in the second quarter of 2015.

Circulation revenues increased 3.0% in the second quarter of 2016 compared with the second quarter of 2015, as digital subscription growth and a print home-delivery price increase for The New York Times newspaper more than offset a decline in the number of print copies sold. Circulation revenues from our digital-only subscriptions (which includes news product and Crossword product subscriptions), e-readers and replica editions increased 15.3% to \$56.4 million in the second quarter of 2016 compared with the second quarter of 2015. Circulation revenue from digital-only subscriptions to our news products increased 14.0 percent to \$54.1 million.

Paid digital-only subscriptions totaled approximately 1,424,000 as of the end of the second quarter of 2016, a 25% increase compared to the end of the second quarter of 2015. Paid digital-only subscriptions to our news products totaled approximately 1,212,000, a 22% increase compared to the end of the second quarter of 2015.

Advertising revenues remained under pressure during the second quarter of 2016. Total advertising revenues decreased 11.7% in the second quarter of 2016 compared with the second quarter of 2015, reflecting a 14.1% decrease in print advertising revenues and a 6.8% decrease in digital advertising revenues. The decrease in print advertising revenues resulted primarily from a continued decline in display advertising. The decrease in digital advertising revenues primarily reflected a continued decline in traditional website display advertising, partially offset by increases in revenue from our mobile platform, our programmatic buying channels and branded content.

Compared with the second quarter of 2015, other revenues increased 4.0% in the second quarter of 2016, driven primarily by increased revenues from the Company's NYT Live business.

Operating costs decreased slightly in the second quarter of 2016 to \$339.9 million from \$344.8 million in the second quarter of 2015, largely due to lower non-operating retirement costs. Operating costs before depreciation, amortization, severance and non-operating retirement costs (or "adjusted operating costs," a non-GAAP measure) were flat in the second quarter of 2016 at \$318.2 million compared with \$318.5 million in the second quarter of 2015.



Non-operating retirement costs decreased to \$5.0 million during the second quarter of 2016 compared with \$8.7 million in the second quarter of 2015, driven by a change in the methodology of calculating the discount rate applied to retirement costs.

As previously disclosed, in April 2016, we informed employees of proposed measures intended to streamline our international print operations and support future growth efforts. These measures include a redesign of our international print newspaper and the relocation of certain editing and production operations currently conducted in Paris to our locations in Hong Kong and New York. During the second quarter of 2016, we incurred \$11.9 million of total costs (primarily consisting of severance costs) related to the measures. On July 4, 2016, the Company reached an agreement with the employee works council in Paris (which was subsequently approved by the labor department) regarding these measures and as a result, we expect to incur approximately \$3 million of additional costs in the second half of 2016. During the second quarter of 2016, the Company also recorded an \$11.7 million charge in connection with an unfavorable arbitration decision. See Note 14 of the Notes to the Condensed Consolidated Financial Statements for additional information.

## RESULTS OF OPERATIONS

The following table presents our consolidated financial results:

| (In thousands)                                                                    | For the Quarters Ended |               |          | For the Six Months Ended |               |          |    |  |
|-----------------------------------------------------------------------------------|------------------------|---------------|----------|--------------------------|---------------|----------|----|--|
|                                                                                   | June 26, 2016          | June 28, 2015 | % Change | June 26, 2016            | June 28, 2015 | % Change |    |  |
| Revenues                                                                          |                        |               |          |                          |               |          |    |  |
| Circulation                                                                       | \$219,480              | \$213,128     | 3.0      | % 437,474                | 425,921       | 2.7      | %  |  |
| Advertising                                                                       | 131,155                | 148,599       | (11.7    | )% 270,835               | 298,507       | (9.3     | )% |  |
| Other                                                                             | 21,995                 | 21,159        | 4.0      | % 43,836                 | 42,697        | 2.7      | %  |  |
| Total revenues                                                                    | 372,630                | 382,886       | (2.7     | )% 752,145               | 767,125       | (2.0     | )% |  |
| Operating costs                                                                   |                        |               |          |                          |               |          |    |  |
| Production costs:                                                                 |                        |               |          |                          |               |          |    |  |
| Wages and benefits                                                                | 90,630                 | 89,030        | 1.8      | % 183,101                | 179,668       | 1.9      | %  |  |
| Raw materials                                                                     | 17,012                 | 18,348        | (7.3     | )% 34,887                | 38,625        | (9.7     | )% |  |
| Other                                                                             | 45,075                 | 45,395        | (0.7     | )% 92,591                | 91,116        | 1.6      | %  |  |
| Total production costs                                                            | 152,717                | 152,773       | —        | % 310,579                | 309,409       | 0.4      | %  |  |
| Selling, general and administrative costs                                         | 172,069                | 176,252       | (2.4     | )% 350,315               | 355,049       | (1.3     | )% |  |
| Depreciation and amortization                                                     | 15,147                 | 15,810        | (4.2     | )% 30,619                | 30,654        | (0.1     | )% |  |
| Total operating costs                                                             | 339,933                | 344,835       | (1.4     | )% 691,513               | 695,112       | (0.5     | )% |  |
| Restructuring charge                                                              | 11,855                 | —             | *        | 11,855                   | —             | *        |    |  |
| Multiemployer pension plan withdrawal expense                                     | 11,701                 | —             | *        | 11,701                   | 4,697         | *        |    |  |
| Pension settlement charges                                                        | —                      | —             | —        | % —                      | 40,329        | *        |    |  |
| Operating profit                                                                  | 9,141                  | 38,051        | (76.0    | )% 37,076                | 26,987        | 37.4     | %  |  |
| Loss from joint ventures                                                          | (412                   | ) (356        | ) 15.7   | % (42,308                | ) (928        | ) *      |    |  |
| Interest expense, net                                                             | 9,097                  | 9,776         | (6.9     | )% 17,923                | 21,968        | (18.4    | )% |  |
| (Loss)/ income from continuing operations before income taxes                     | (368                   | ) 27,919      | *        | (23,155                  | ) 4,091       | *        |    |  |
| Income tax expense/(benefit)                                                      | 124                    | 11,700        | (98.9    | )% (9,077                | ) 2,293       | *        |    |  |
| Net (loss)/ income                                                                | (492                   | ) 16,219      | *        | (14,078                  | ) 1,798       | *        |    |  |
| Net loss attributable to the noncontrolling interest                              | 281                    | 181           | 55.2     | % 5,596                  | 340           | *        |    |  |
| Net (loss)/ income attributable to The New York Times Company common stockholders | \$(211                 | ) \$16,400    | *        | (8,482                   | ) 2,138       | *        |    |  |

\* Represents a change equal to or in excess of 100% or not meaningful.

## Revenues

## Circulation Revenues

Total circulation revenues consist of revenues from our print and digital products, including our digital-only subscription packages, e-readers and replica editions. These revenues are based on the number of copies of the printed newspaper sold (through home-delivery subscriptions and single-copy and bulk sales) and digital-only subscriptions and the rates charged to the respective customers. All print home-delivery subscribers receive unlimited digital access. In the first quarter of 2016, the Company reclassified the subscription revenue from its Crossword product, including prior period information, into circulation revenues from other revenues. The following tables summarize 2016 and 2015 digital-only subscription revenues reflecting this reclassification:

| (In thousands) | For the Quarter Ended |                   | For the Six Months Ended |                   |
|----------------|-----------------------|-------------------|--------------------------|-------------------|
|                | June 26, 2016         | % Change vs. 2015 | June 26, 2016            | % Change vs. 2015 |

## Digital-only subscription revenues:

|                                                 |          |        |           |        |
|-------------------------------------------------|----------|--------|-----------|--------|
| Digital-only news product subscription revenues | \$54,126 | 14.0 % | \$106,201 | 13.5 % |
| Digital Crossword product subscription revenues | 2,272    | 54.6 % | 4,370     | 56.5 % |
| Total digital-only subscription revenues        | \$56,398 | 15.3 % | \$110,571 | 14.7 % |

| (In thousands) | For the Quarters Ended |               |                    |                   | For the Year Ended |
|----------------|------------------------|---------------|--------------------|-------------------|--------------------|
|                | March 29, 2015         | June 28, 2015 | September 27, 2015 | December 27, 2015 | December 27, 2015  |

## Digital-only subscription revenues:

|                                                 |          |          |          |          |           |
|-------------------------------------------------|----------|----------|----------|----------|-----------|
| Digital-only news product subscription revenues | \$46,127 | \$47,465 | \$48,656 | \$50,409 | \$192,657 |
| Digital Crossword product subscription revenues | 1,323    | 1,470    | 1,630    | 1,863    | 6,286     |
| Total digital-only subscription revenues        | \$47,450 | \$48,935 | \$50,286 | \$52,272 | \$198,943 |

Consistent with this reclassification, the Company also adjusted the number of digital-only subscriptions to include Crossword product subscriptions. The following tables summarize 2016 and 2015 digital-only subscriptions:

| (In thousands) | 2016          |                   |
|----------------|---------------|-------------------|
|                | June 26, 2016 | % Change vs. 2015 |

## Digital-only subscriptions:

|                                         |       |        |
|-----------------------------------------|-------|--------|
| Digital-only news product subscriptions | 1,212 | 22.4 % |
| Digital Crossword product subscriptions | 212   | 46.2 % |
| Total digital-only subscriptions        | 1,424 | 25.5 % |

| (In thousands) | 2015           |               |                    |                   |
|----------------|----------------|---------------|--------------------|-------------------|
|                | March 29, 2015 | June 28, 2015 | September 27, 2015 | December 27, 2015 |

## Digital-only subscriptions:

|                                         |       |       |       |       |
|-----------------------------------------|-------|-------|-------|-------|
| Digital-only news product subscriptions | 957   | 990   | 1,041 | 1,094 |
| Digital Crossword product subscriptions | 142   | 145   | 159   | 176   |
| Total digital-only subscriptions        | 1,099 | 1,135 | 1,200 | 1,270 |

Circulation revenues increased 3.0% in the second quarter and 2.7% in the first six months of 2016 compared with the same prior-year periods, primarily due to growth in our digital subscription base and an increase in print home-delivery prices for The New York Times newspaper, offset by a reduction in the number of print copies sold. Revenues from our digital-only subscriptions (including e-readers and replica editions) were \$56.4 million in the second quarter of 2016 and \$110.6 million in the first six months of 2016, an increase of 15.3% and 14.7% from the second quarter and first six months of 2015, respectively.



### Advertising Revenues

Advertising revenues are derived from the sale of our advertising products and services on our print, web and mobile platforms. These revenues are primarily determined by the volume, rate and mix of advertisements. Display advertising revenue is principally from advertisers promoting products, services or brands in print in the form of column-inch ads, and on our web and mobile platforms in the form of banners, video, rich media and other interactive ads. Classified advertising revenue includes line-ads sold in the major categories of real estate, help wanted, automotive and other. Other advertising revenue primarily includes creative services fees associated with, among other things, our branded content studio; revenue from preprinted advertising, also known as free-standing inserts and revenue generated from branded bags in which our newspapers are delivered.

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

| (In thousands) | For the Quarters Ended |               |          |    |
|----------------|------------------------|---------------|----------|----|
|                | June 26, 2016          | June 28, 2015 | % Change |    |
| Display        | \$116,446              | \$135,505     | (14.1)   | )% |
| Classified     | 7,788                  | 8,296         | (6.1)    | )% |
| Other          | 6,921                  | 4,798         | 44.2     | %  |
| Total          | \$131,155              | \$148,599     | (11.7)   | )% |

  

| (In thousands) | For the Six Months Ended |               |          |    |
|----------------|--------------------------|---------------|----------|----|
|                | June 26, 2016            | June 28, 2015 | % Change |    |
| Display        | \$242,467                | \$271,938     | (10.8)   | )% |
| Classified     | 15,952                   | 17,620        | (9.5)    | )% |
| Other          | 12,416                   | 8,949         | 38.7     | %  |
| Total          | \$270,835                | \$298,507     | (9.3)    | )% |

Below is a percentage breakdown of advertising revenues (print and digital) for the first six months of 2016 and 2015:

|      | Display | Classified | Other | Total |
|------|---------|------------|-------|-------|
| 2016 | 89 %    | 6 %        | 5 %   | 100 % |
| 2015 | 91 %    | 6 %        | 3 %   | 100 % |

Print advertising revenues, which represented 65.7% of total advertising revenues for the second quarter of 2016 and 67.9% of total advertising revenues for the first six months of 2016, declined 14.1% and 11.5% in the second quarter and first six months of 2016, respectively, compared with the same prior-year periods. The decline in both periods was primarily due to a continued decline in display advertising, primarily in the luxury goods, entertainment and retail categories.

Digital advertising revenues, which represented 34.3% of total advertising revenues for the second quarter of 2016 and 32.1% of total advertising revenues for the first six months of 2016, declined 6.8% and 4.2% in the second quarter and first six months of 2016, respectively, compared with the same prior-year periods. The decline in both periods was primarily due to a decrease in traditional website display advertising, partially offset by increases in revenue from our mobile platform, our programmatic buying channels and branded content.

### Other Revenues

Other revenues increased 4.0% in the second quarter of 2016 and 2.7% in the first six months of 2016, compared with the same prior-year periods, primarily due to revenues from our NYT Live business.

## Operating Costs

Operating costs were as follows:

| (In thousands)                            | For the Quarters Ended |               |          | For the Six Months Ended |               |          |    |
|-------------------------------------------|------------------------|---------------|----------|--------------------------|---------------|----------|----|
|                                           | June 26, 2016          | June 28, 2015 | % Change | June 26, 2016            | June 28, 2015 | % Change |    |
| Production costs:                         |                        |               |          |                          |               |          |    |
| Wages and benefits                        | 90,630                 | 89,030        | 1.8      | % 183,101                | 179,668       | 1.9      | %  |
| Raw materials                             | 17,012                 | 18,348        | (7.3)    | )% 34,887                | 38,625        | (9.7)    | )% |
| Other                                     | 45,075                 | 45,395        | (0.7)    | )% 92,591                | 91,116        | 1.6      | %  |
| Total production costs                    | 152,717                | 152,773       | —        | % 310,579                | 309,409       | 0.4      | %  |
| Selling, general and administrative costs | 172,069                | 176,252       | (2.4)    | )% 350,315               | 355,049       | (1.3)    | )% |
| Depreciation and amortization             | 15,147                 | 15,810        | (4.2)    | )% 30,619                | 30,654        | (0.1)    | )% |
| Total operating costs                     | \$339,933              | \$344,835     | (1.4)    | )% \$691,513             | \$695,112     | (0.5)    | )% |

## Production Costs

Total production costs were flat in the second quarter of 2016 compared with the second quarter of 2015, as an increase in wages and benefits (\$1.6 million) was offset by a decrease in raw materials expense (\$1.3 million). Raw materials expense decreased as a result of an 8.8% decline in newsprint expense in the second quarter of 2016 compared with the second quarter of 2015, with 6.2% from lower consumption and 2.6% from lower pricing. The decline was also impacted by a 4.4% decrease in magazine paper expense in the second quarter of 2016 compared with the second quarter of 2015, with 4.0% from lower pricing and 0.4% from lower consumption.

Total production costs increased slightly in the first six months of 2016 compared with the first six months of 2015, primarily due to an increase in wages and benefits expenses (\$3.4 million) and other expenses (\$1.5 million), partially offset by a decrease in raw materials expense (\$3.7 million). Wages and benefits expenses increased as a result of increased headcount to support our growth initiatives. Other expenses increased primarily as a result of higher outside service costs. Raw materials expense decreased as a result of a 13.0% decline in newsprint expense in the first six months of 2016 compared with the first six months of 2015, with 5.2% from lower consumption and 7.8% from lower pricing. The decline was also impacted by a 0.4% decrease in magazine paper expense in the first six months of 2016 compared with the first six months of 2015, with 1.3% from lower pricing offset by 0.9% from higher consumption.

## Selling, General and Administrative Costs

Selling, general and administrative costs decreased in the second quarter of 2016 compared with the second quarter of 2015, primarily due to a decrease in non-operating retirement costs (\$3.7 million), distribution costs (\$1.4 million) and promotion and marketing costs (\$1.4 million), partially offset by higher compensation costs (\$3.6 million).

Distribution costs decreased primarily as a result of fewer print copies produced and transportation efficiencies.

Promotion and marketing costs decreased primarily as a result of lower spending on direct mail and events marketing.

Compensation costs increased primarily as a result of increased hiring to support growth initiatives.

Selling, general and administrative costs decreased in the first six months of 2016 compared with the first six months of 2015 primarily due to a decrease in non-operating retirement costs (\$8.0 million), distribution costs (\$3.0 million), promotion and marketing costs (\$2.0 million), outside service costs (\$1.0 million) and other expenses (approximately \$4 million), offset by an increase in severance costs (\$1.9 million) and compensation costs (\$10.5 million).

Distribution costs decreased primarily as a result of fewer print copies produced and transportation efficiencies.

Promotion and marketing costs decreased primarily as a result of lower spending on direct mail and events marketing.

Compensation costs increased primarily as a result of increased hiring to support growth initiatives.

## Depreciation and Amortization

Depreciation and amortization costs decreased in the second quarter and first six months of 2016 compared with the second quarter and first six months of 2015 primarily as a result of accelerated depreciation during the second quarter and first six months of 2015 for international assets.



#### Other Items

See Note 7 of the Notes to the Condensed Consolidated Financial Statements for additional information regarding other items.

#### NON-OPERATING ITEMS

##### Joint Ventures

See Note 5 of the Notes to the Condensed Consolidated Financial Statements for information regarding our joint venture investments.

##### Interest Expense, Net

See Note 6 of the Notes to the Condensed Consolidated Financial Statements for information regarding interest expense.

##### Income Taxes

See Note 10 of the Notes to the Condensed Consolidated Financial Statements for information regarding income taxes.

##### Non-GAAP Financial Measures

We have included in this report certain supplemental financial information derived from consolidated financial information but not presented in our financial statements prepared in accordance with GAAP. Specifically, we have referred to the following non-GAAP financial measures in this report:

- diluted earnings per share from continuing operations excluding severance, non-operating retirement costs and the impact of special items (or adjusted diluted earnings per share from continuing operations);
- operating profit before depreciation, amortization, severance, non-operating retirement costs and special items (or adjusted operating profit); and
- operating costs before depreciation, amortization, severance and non-operating retirement costs (or adjusted operating costs).

The special items in 2016 consisted of an \$11.9 million (\$7.1 million after tax or \$.04 per share) charge in connection with the streamlining of the Company's international print operations (primarily consisting of severance costs), an \$11.7 million (\$7.0 million after tax or \$.04 per share) charge for a partial withdrawal obligation under a multiemployer pension plan following an unfavorable arbitration decision, each in the second quarter, and a \$41.4 million (\$20.1 million after tax and net of the noncontrolling interest) loss from joint ventures in the first quarter related to the announced closure of a paper mill operated by Madison Paper Industries, in which the Company has an investment through a subsidiary.

The special items in 2015 consisted of a \$40.3 million pension settlement charge (\$24.0 million after tax) in connection with a lump-sum payment offer made to certain former employees who participated in certain qualified pension plans and a \$4.7 million charge (\$2.8 million after tax) for a partial withdrawal obligation under a multiemployer pension plan, each in the first quarter.

We have included these non-GAAP financial measures because management reviews them on a regular basis and uses them to evaluate and manage the performance of our operations. We believe that, for the reasons outlined below, these non-GAAP financial measures provide useful information to investors as a supplement to reported diluted earnings/(loss) per share from continuing operations, operating profit/(loss) and operating costs. However, these measures should be evaluated only in conjunction with the comparable GAAP financial measures and should not be viewed as alternative or superior measures of GAAP results.

Adjusted diluted earnings per share provides useful information in evaluating our period-to-period performance because it eliminates items that we do not consider to be indicative of earnings from ongoing operating activities.

Adjusted operating profit is useful in evaluating the ongoing performance of our businesses as it excludes the significant non-cash impact of depreciation and amortization as well as items not indicative of ongoing operating activities. Total operating costs include depreciation, amortization, severance and non-operating retirement costs. Adjusted operating costs, which exclude these items, provide investors with helpful supplemental information on our underlying operating costs that is used by management in its financial and operational decision-making.

Management considers special items, which may include impairment charges, pension settlement charges and other items that arise from time to time, to be outside the ordinary course of our operations. Management believes that excluding these items provides a better understanding of the underlying trends in the Company's operating

performance and allows more accurate comparisons of the Company's operating results to historical performance. In addition, management excludes severance costs, which may fluctuate significantly from quarter to quarter, because it believes these costs do not necessarily

reflect expected future operating costs and do not contribute to a meaningful comparison of the Company's operating results to historical performance.

Non-operating retirement costs include:

- interest cost, expected return on plan assets and amortization of actuarial gain and loss components of pension expense;

- interest cost and amortization of actuarial gain and loss components of retiree medical expense; and

- all expenses associated with multiemployer pension plan withdrawal obligations, not otherwise included as special items.

These non-operating retirement costs are primarily tied to financial market performance and changes in market interest rates and investment performance. Non-operating retirement costs do not include service costs and amortization of prior service costs for pension and retiree medical benefits, which we believe reflect the ongoing operating costs of providing pension and retiree medical benefits to our employees. We consider non-operating retirement costs to be outside the performance of our ongoing core business operations and believe that presenting operating results excluding non-operating retirement costs, in addition to our GAAP operating results, will provide increased transparency and a better understanding of the underlying trends in our operating business performance. Reconciliations of non-GAAP financial measures from, respectively, diluted earnings per share from continuing operations, operating profit and operating costs, the most directly comparable GAAP items, as well as details on the components of non-operating retirement costs, are set out in the tables below.

Reconciliation of diluted earnings per share from continuing operations excluding severance, non-operating retirement costs and special items (or adjusted diluted earnings per share from continuing operations)

|                                                                  | For the Quarters Ended |               |          | For the Six Months Ended |               |          |
|------------------------------------------------------------------|------------------------|---------------|----------|--------------------------|---------------|----------|
|                                                                  | June 26, 2016          | June 28, 2015 | % Change | June 26, 2016            | June 28, 2015 | % Change |
| Diluted loss per share from continuing operations                | \$(0.00)               | \$ 0.10       | *        | \$(0.05)                 | \$ 0.01       | *        |
| Add:                                                             |                        |               |          |                          |               |          |
| Severance                                                        | 0.01                   | 0.01          | *        | 0.03                     | 0.02          | *        |
| Non-operating retirement costs                                   | 0.03                   | 0.05          | (40.0)%  | 0.06                     | 0.10          | (40.0)%  |
| Special items:                                                   |                        |               |          |                          |               |          |
| Restructuring charge                                             | 0.07                   | —             | *        | 0.07                     | —             | *        |
| Multiemployer pension plan withdrawal expense                    | 0.07                   | —             | *        | 0.07                     | 0.03          | *        |
| Loss from joint ventures, net of tax and noncontrolling interest | —                      | —             | *        | 0.21                     | —             | *        |
| Pension settlement charge                                        | —                      | —             | *        | —                        | 0.24          | *        |
| Income tax expense of special items                              | (0.08 )                | (0.03 )       | *        | (0.18 )                  | (0.16 )       | 12.5 %   |
| Adjusted diluted earnings per share from continuing operations   | \$0.11                 | \$ 0.13       | (15.4)%  | \$0.21                   | \$ 0.25       | (16.0)%  |

(1) Amounts may not add due to rounding.

\* Represents a change equal to or in excess of 100% or not meaningful

Reconciliation of operating profit before depreciation & amortization, severance, non-operating retirement costs and special items (or adjusted operating profit)

| (In thousands)                                | For the Quarters Ended |               |          |    | For the Six Months Ended |               |          |    |
|-----------------------------------------------|------------------------|---------------|----------|----|--------------------------|---------------|----------|----|
|                                               | June 26, 2016          | June 28, 2015 | % Change |    | June 26, 2016            | June 28, 2015 | % Change |    |
| Operating profit                              | \$ 9,141               | \$ 38,051     | (76.0    | )% | \$ 37,076                | \$ 26,987     | 37.4     | %  |
| Add:                                          |                        |               |          |    |                          |               |          |    |
| Depreciation & amortization                   | 15,147                 | 15,810        | (4.2     | )% | 30,619                   | 30,654        | (0.1     | )% |
| Severance                                     | 1,656                  | 1,874         | (11.6    | )% | 5,256                    | 3,391         | 55.0     | %  |
| Non-operating retirement costs                | 4,967                  | 8,674         | (42.7    | )% | 9,503                    | 17,549        | (45.8    | )% |
| Special items:                                |                        |               |          |    |                          |               |          |    |
| Restructuring charge                          | 11,855                 | —             | *        |    | 11,855                   | —             | *        |    |
| Multiemployer pension plan withdrawal expense | 11,701                 | —             | *        |    | 11,701                   | 4,697         | *        |    |
| Pension settlement charges                    | —                      | —             | *        |    | —                        | 40,329        | *        |    |
| Adjusted operating profit                     | \$ 54,467              | \$ 64,409     | (15.4    | )% | \$ 106,010               | \$ 123,607    | (14.2    | )% |

\* Represents a change equal to or in excess of 100% or not meaningful.

Reconciliation of operating costs before depreciation & amortization, severance and non-operating retirement costs (or adjusted operating costs)

| (In thousands)                 | For the Quarters Ended |               |          |    | For the Six Months Ended |               |          |    |
|--------------------------------|------------------------|---------------|----------|----|--------------------------|---------------|----------|----|
|                                | June 26, 2016          | June 28, 2015 | % Change |    | June 26, 2016            | June 28, 2015 | % Change |    |
| Operating costs                | \$ 339,933             | \$ 344,835    | (1.4     | )% | \$ 691,513               | \$ 695,112    | (0.5     | )% |
| Less:                          |                        |               |          |    |                          |               |          |    |
| Depreciation & amortization    | 15,147                 | 15,810        | (4.2     | )% | 30,619                   | 30,654        | (0.1     | )% |
| Severance                      | 1,656                  | 1,874         | (11.6    | )% | 5,256                    | 3,391         | 55.0     | %  |
| Non-operating retirement costs | 4,967                  | 8,674         | (42.7    | )% | 9,503                    | 17,549        | (45.8    | )% |
| Adjusted operating costs       | \$ 318,163             | \$ 318,477    | (0.1     | )% | \$ 646,135               | \$ 643,518    | 0.4      | %  |

Components of non-operating retirement costs<sup>(1)</sup>

| (In thousands)                                                             | For the Quarters Ended |               |          |    | For the Six Months Ended |               |          |    |
|----------------------------------------------------------------------------|------------------------|---------------|----------|----|--------------------------|---------------|----------|----|
|                                                                            | June 26, 2016          | June 28, 2015 | % Change |    | June 26, 2016            | June 28, 2015 | % Change |    |
| Pension:                                                                   |                        |               |          |    |                          |               |          |    |
| Interest cost                                                              | \$18,607               | \$21,016      | (11.5)   | )% | \$37,215                 | \$42,456      | (12.3)   | )% |
| Expected return on plan assets                                             | (27,789 )              | (28,832 )     | (3.6)    | )% | (55,579 )                | (57,607 )     | (3.5)    | )% |
| Amortization and other costs                                               | 8,121                  | 10,749        | (24.4)   | )% | 16,243                   | 21,416        | (24.2)   | )% |
| Non-operating pension costs                                                | (1,061 )               | 2,933         | *        |    | (2,121 )                 | 6,265         | *        |    |
| Other postretirement benefits:                                             |                        |               |          |    |                          |               |          |    |
| Interest cost                                                              | 495                    | 689           | (28.2)   | )% | 990                      | 1,377         | (28.1)   | )% |
| Amortization and other costs                                               | 1,026                  | 1,303         | (21.3)   | )% | 2,052                    | 2,606         | (21.3)   | )% |
| Non-operating other postretirement benefits costs                          | 1,521                  | 1,992         | (23.6)   | )% | 3,042                    | 3,983         | (23.6)   | )% |
| Expenses associated with multiemployer pension plan withdrawal obligations | 4,507                  | 3,749         | 20.2     | %  | 8,582                    | 7,301         | 17.5     | %  |
| Total non-operating retirement costs                                       | \$4,967                | \$8,674       | (42.7)   | )% | \$9,503                  | \$17,549      | (45.8)   | )% |

<sup>(1)</sup>Components of non-operating retirement costs do not include special items.

## 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 June 26, 2016, we had cash, cash equivalents and short- and long-term marketable securities of \$915.4 million and total debt and capital lease obligations of \$433.7 million. Accordingly, our cash, cash equivalents and marketable securities exceeded total debt and capital lease obligations by \$481.7 million. Our cash and investment balances have increased since the end of 2015, in advance of our repayment, at maturity, of our 6.625% senior notes due December 15, 2016.

In January 2009, pursuant to a securities purchase agreement, we issued warrants to affiliates of Carlos Slim Helú, then the beneficial owner of approximately 8% of our Class A Common Stock (excluding the warrants), to purchase 15.9 million shares of our Class A Common Stock at a price of \$6.3572 per share. On January 14, 2015, the warrant holders exercised these warrants in full and the Company received cash proceeds of \$101.1 million from this exercise. On January 13, 2015, the Board of Directors terminated an existing authorization to repurchase shares of the Company's Class A Common Stock and approved a new repurchase authorization of \$101.1 million, equal to the cash proceeds received by the Company from the exercise. As of June 26, 2016, the Company had repurchased 6,690,905 Class A shares under this authorization for a cost of \$84.9 million (excluding commissions) and \$16.2 million remained. Our Board of Directors has authorized us to purchase shares under this authorization from time to time as market conditions permit. There is no expiration date with respect to this authorization.

### Capital Resources

#### Sources and Uses of Cash

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

|                      | For the Six Months Ended |               |          |
|----------------------|--------------------------|---------------|----------|
| (In thousands)       | June 26, 2016            | June 28, 2015 | % Change |
| Operating activities | \$31,504                 | \$65,680      | (52.0 )% |
| Investing activities | \$291,552                | \$57,430      | *        |
| Financing activities | \$(28,850 )              | \$(143,726 )  | (79.9 )% |

\* Represents an increase or decrease in excess of 100% or not meaningful.

#### Operating Activities

Cash from operating activities is generated by cash receipts from circulation, advertising sales and other revenue transactions. Operating cash outflows include payments for employee compensation, pension and other benefits, raw materials, interest and income taxes.

Net cash provided by operating activities decreased in the first six months of 2016 compared with the same prior-year period due to higher income tax payments, higher variable compensation payments and a decline in overall revenues.

#### 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, acquisitions of new businesses and investments.

Net cash provided by investing activities in the first six months of 2016 was primarily related to maturities of marketable securities and a cash distribution from the liquidation of certain investments related to our corporate-owned life insurance, offset by net purchases of marketable securities, capital expenditures and the purchase price for HelloSociety, LLC, a digital marketing agency the Company acquired in the first quarter of 2016. We have decreased the amount reinvested in marketable securities in advance of the required repayment, at maturity, of our 6.625% senior notes due December 15, 2016.

#### 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, the payment of dividends and the payment of long-term debt and capital lease obligations.

Net cash used in financing activities in the first six months of 2016 was primarily related to share repurchases of \$15.7 million and dividend payments of \$12.9 million.

#### Restricted Cash

We were required to maintain \$28.2 million of restricted cash as of June 26, 2016 and \$28.7 million as of December 27, 2015, the majority of which is set aside to collateralize workers' compensation obligations.

#### Third-Party Financing

As of June 26, 2016, our current indebtedness included senior notes and the repurchase option related to a sale-leaseback of a portion of our New York headquarters. See Note 6 for information regarding our total debt and capital lease obligations. See Note 8 for information regarding the fair value of our long-term debt.

#### CRITICAL ACCOUNTING POLICIES

Our critical accounting policies are detailed in our Annual Report on Form 10-K for the year ended December 27, 2015. As of June 26, 2016, our critical accounting policies have not changed from December 27, 2015.

#### 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 27, 2015. As of June 26, 2016, our contractual obligations and off-sheet balance sheet arrangements have not changed materially from December 27, 2015.

#### 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 Securities and Exchange Commission ("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 27, 2015, 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 27, 2015, details our disclosures about market risk.

As of June 26, 2016, there were no material changes in our market risks from December 27, 2015.

#### 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 June 26, 2016. Based upon such evaluation, our principal executive officer and 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 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 June 26, 2016, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting. On July 5, 2016, we implemented a new human resources and payroll management system across the Company. We have taken steps to implement appropriate internal control over financial reporting during this period of change and will continue to evaluate the design and operating effectiveness of our internal controls during subsequent periods.



## 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. See Note 14 of the Notes to the Consolidated Financial Statements for a description of certain matters, which is incorporated herein by reference. Although the Company cannot predict the outcome of these matters, it is possible that an unfavorable outcome in one or more matters could be material to the Company's consolidated results of operations or cash flows for an individual reporting period. However, based on currently available information, management does not believe that the ultimate resolution of these matters, individually or in the aggregate, is likely to have a material effect on the Company's financial position.

## 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 27, 2015.

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

(c) Issuer Purchases of Equity Securities<sup>(1)</sup>

| Total number of<br>shares of Class A<br>Common Stock<br>purchased<br>(a) | Average<br>price paid<br>per share of<br>Class A<br>Common Stock<br>(b) | Total number of<br>shares of Class A<br>Common Stock<br>purchased<br>as part of<br>publicly<br>announced plans<br>or programs<br>(c) | Maximum<br>number (or<br>approximate<br>dollar value)<br>of shares of<br>Class A<br>Common<br>Stock that may<br>yet be<br>purchased<br>under the plans<br>or programs<br>(d) |
|--------------------------------------------------------------------------|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| March<br>28,<br>2016<br>—                                                | —                                                                       | —                                                                                                                                    | \$ 16,235,000                                                                                                                                                                |
| May<br>1,<br>2016<br>May<br>2,<br>2016<br>—                              | —                                                                       | —                                                                                                                                    | \$ 16,235,000                                                                                                                                                                |
| May<br>29,<br>2016<br>May<br>30,<br>2016<br>—                            | —                                                                       | —                                                                                                                                    | \$ 16,235,000                                                                                                                                                                |
| June<br>26,<br>2016<br>—                                                 | —                                                                       | —                                                                                                                                    | \$ 16,235,000                                                                                                                                                                |

Total  
for  
the  
second  
quarter  
of  
2016

(1) On January 13, 2015, the Board of Directors terminated an existing authorization to repurchase shares of the Company's Class A Common Stock and approved a new repurchase authorization of \$101.1 million, equal to the cash proceeds received by the Company from an exercise of warrants. The Company did not repurchase any additional shares during the second quarter of 2016. Our Board of Directors has authorized us to purchase shares under this authorization 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: July 29, 2016 /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 June 26, 2016

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.                                                                 |