

NEW YORK TIMES CO
Form 8-K
October 25, 2013

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 25, 2013

The New York Times Company
(Exact name of registrant as specified in its charter)

| | | |
|---|---------------------------------------|---|
| New York (State or other jurisdiction of incorporation) | 1-5837 (Commission File Number) | 13-1102020 (I.R.S. Employer Identification No.) |
|---|---------------------------------------|---|

| | |
|---|---------------------|
| 620 Eighth Avenue, New York, New York (Address of principal executive offices) | 10018 (Zip Code) |
|---|---------------------|

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 8.01. Other Events

As previously announced, on October 24, 2013, The New York Times Company (the “Company”) completed the sale of the New England Media Group (“NEMG”), consisting of The Boston Globe, BostonGlobe.com, Boston.com, Worcester Telegram & Gazette, Telegram.com and related properties.

Under generally accepted accounting principles, this transaction meets the criteria for discontinued operations.

Accordingly, the Company is required to reclassify prior period financial information to reflect NEMG as a discontinued operation and include such reclassified prior period financial information in the financial statements to be filed by the Company subsequently on Forms 10-Q and 10-K. The Company is furnishing with this Report the following supplemental unaudited consolidated financial information for each of the 2013 and 2012 quarterly periods noted below and for the full fiscal years 2012 and 2011 reflecting such reclassification of NEMG as a discontinued operation.

| (In thousands, except per share data) | 2013 by quarter | | | 2012 by quarter | | | | |
|---|-----------------|----------------|----------------|-------------------|--------------------|---------------|----------------|----------------|
| | June 30, 2013 | March 31, 2013 | Full Year 2012 | December 30, 2012 | September 23, 2012 | June 24, 2012 | March 25, 2012 | Full Year 2011 |
| Revenues | | | | | | | | |
| Circulation | \$206,965 | \$205,482 | \$795,037 | \$216,123 | \$194,739 | \$194,208 | \$189,967 | \$705,163 |
| Advertising | 163,039 | 153,538 | 711,829 | 226,461 | 140,880 | 171,129 | 173,359 | 756,148 |
| Other | 20,953 | 21,655 | 88,475 | 25,530 | 19,718 | 22,504 | 20,723 | 93,263 |
| Total revenues | 390,957 | 380,675 | 1,595,341 | 468,114 | 355,337 | 387,841 | 384,049 | 1,554,574 |
| Operating costs | | | | | | | | |
| Production costs: | | | | | | | | |
| Raw materials | 22,098 | 23,751 | 106,381 | 30,418 | 24,343 | 25,798 | 25,822 | 108,267 |
| Wages and benefits | 81,536 | 83,276 | 331,321 | 88,579 | 80,696 | 80,879 | 81,167 | 315,900 |
| Other | 49,435 | 49,707 | 213,616 | 58,443 | 52,331 | 51,497 | 51,345 | 216,094 |
| Total production costs | 153,069 | 156,734 | 651,318 | 177,440 | 157,370 | 158,174 | 158,334 | 640,261 |
| Selling, general and administrative costs | 172,914 | 176,872 | 711,112 | 186,501 | 169,459 | 172,820 | 182,332 | 687,558 |
| Depreciation and amortization | 18,750 | 18,938 | 78,980 | 18,492 | 19,594 | 20,212 | 20,682 | 83,833 |
| Total operating costs | 344,733 | 352,544 | 1,441,410 | 382,433 | 346,423 | 351,206 | 361,348 | 1,411,652 |
| Pension settlement expense | — | — | 47,657 | 47,657 | — | — | — | — |
| Pension withdrawal expense | — | — | — | — | — | — | — | 4,228 |
| Other expense | — | — | 2,620 | 2,620 | — | — | — | 4,500 |
| Impairment of assets | — | — | — | — | — | — | — | 7,458 |
| Operating profit | 46,224 | 28,131 | 103,654 | 35,404 | 8,914 | 36,635 | 22,701 | 126,736 |
| Gain on sale of investments | — | — | 220,275 | 164,630 | — | 37,797 | 17,848 | 71,171 |
| Impairment of investments | — | — | 5,500 | — | 600 | — | 4,900 | — |
| (Loss)/income from joint ventures | (405) | (2,870) | 2,936 | 847 | 1,010 | 1,064 | 15 | (270) |
| Premium on debt redemption | — | — | — | — | — | — | — | 46,381 |
| Interest expense, net | 14,644 | 14,071 | 62,808 | 16,402 | 15,490 | 15,464 | 15,452 | 85,243 |

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| | | | | | | | | |
|--|----------|----------|-----------|-----------|------------|-------------|----------|-------------|
| Income/(loss) from continuing operations before income taxes | 31,175 | 11,190 | 258,557 | 184,479 | (6,166) | 60,032 | 20,212 | 66,013 |
| Income tax expense/(benefit) | 13,813 | 5,082 | 94,617 | 66,171 | (3,187) | 25,781 | 5,852 | 21,417 |
| Income/(loss) from continuing operations | 17,362 | 6,108 | 163,940 | 118,308 | (2,979) | 34,251 | 14,360 | 44,596 |
| Income/(loss) from discontinued operations, net of income taxes | 2,775 | (2,785) | (27,927) | 60,080 | 5,703 | (121,900) | 28,190 | (82,799) |
| Net income/(loss) | 20,137 | 3,323 | 136,013 | 178,388 | 2,724 | (87,649) | 42,550 | (38,203) |
| Net (income)/loss attributable to the noncontrolling interest | (6) | 249 | (166) | (267) | 21 | 27 | 53 | 555 |
| Net income/(loss) attributable to The New York Times Company common stockholders | \$20,131 | \$3,572 | \$135,847 | \$178,121 | \$2,745 | \$(87,622) | \$42,603 | \$(37,648) |
| Amounts attributable to The New York Times Company common stockholders: | | | | | | | | |
| Income/(loss) from continuing operations | \$17,356 | \$6,357 | \$163,774 | \$118,041 | \$(2,958) | \$34,278 | \$14,413 | \$45,151 |
| Income/(loss) from discontinued operations, net of income taxes | 2,775 | (2,785) | (27,927) | 60,080 | 5,703 | (121,900) | 28,190 | (82,799) |
| Net income/(loss) | \$20,131 | \$3,572 | \$135,847 | \$178,121 | \$2,745 | \$(87,622) | \$42,603 | \$(37,648) |

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Average number of
common shares
outstanding:

| | | | | | | | | |
|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Basic | 148,797 | 148,710 | 148,147 | 148,461 | 148,254 | 148,005 | 147,867 | 147,190 |
| Diluted | 156,511 | 155,270 | 152,693 | 154,685 | 148,254 | 149,799 | 151,468 | 152,007 |

Basic earnings/(loss) per
share attributable to The
New York Times

Company common
stockholders:

| | | | | | | | | |
|---|--------|--------|----------|--------|----------|----------|----------|----------|
| Income/(loss) from continuing operations | \$0.12 | \$0.04 | \$1.11 | \$0.80 | \$(0.02) |) \$0.23 | \$0.10 | \$0.31 |
| Income/(loss) from discontinued operations, net of income taxes | 0.02 | (0.02) |) (0.19) |) 0.40 | 0.04 | (0.82) |) 0.19 | (0.57) |
| Net income/(loss) | \$0.14 | \$0.02 | \$0.92 | \$1.20 | \$0.02 | \$(0.59) |) \$0.29 | \$(0.26) |

Diluted earnings/(loss) per
share attributable to The
New York Times

Company common
stockholders:

| | | | | | | | | |
|---|--------|--------|----------|--------|----------|----------|----------|----------|
| Income/(loss) from continuing operations | \$0.11 | \$0.04 | \$1.07 | \$0.76 | \$(0.02) |) \$0.23 | \$0.10 | \$0.30 |
| Income/(loss) from discontinued operations, net of income taxes | 0.02 | (0.02) |) (0.18) |) 0.39 | 0.04 | (0.81) |) 0.18 | (0.55) |
| Net income/(loss) | \$0.13 | \$0.02 | \$0.89 | \$1.15 | \$0.02 | \$(0.58) |) \$0.28 | \$(0.25) |

The following supplemental information on print and digital advertising revenue and revenue from digital-only subscription packages, e-readers and replica editions reflects the reclassification of NEMG as a discontinued operation.

| (In thousands) | 2013 by quarter | | | 2012 by quarter | | | | |
|--------------------------------------|------------------|-------------------|-------------------|----------------------|-----------------------|------------------|-------------------|-------------------|
| | June 30, 2013 | March 31, 2013 | Full Year 2012 | December 30, 2012 | September 23, 2012 | June 24, 2012 | March 25, 2012 | Full Year 2011 |
| Advertising | | | | | | | | |
| Print | \$122,917 | \$116,555 | \$541,550 | \$169,771 | \$106,934 | \$130,365 | \$134,480 | \$584,624 |
| Digital | 40,122 | 36,983 | 170,279 | 56,690 | 33,946 | 40,764 | 38,879 | 171,524 |
| Total advertising revenue | \$163,039 | \$153,538 | \$711,829 | \$226,461 | \$140,880 | \$171,129 | \$173,359 | \$756,148 |
| Digital-only subscription revenue | \$36,758 | \$35,507 | \$111,674 | \$34,421 | \$29,246 | \$25,651 | \$22,356 | \$44,300 |

CERTAIN NON-GAAP INFORMATION

(Dollars in thousands, except per share data)

Set out in the tables below for the periods indicated are the following non-GAAP financial measures, with reconciliations to the most comparable GAAP measures, in each case reflecting the reclassification of NEMG as a discontinued operation: diluted earnings/(loss) per share from continuing operations excluding severance and special items; operating profit before depreciation, amortization, severance and special items (if any); and operating costs before depreciation, amortization, severance and raw materials. The Company has presented these non-GAAP financial measures because management reviews them on a regular basis and uses them to evaluate and manage the performance of the Company's operations. Management believes 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 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.

Diluted earnings/(loss) per share from continuing operations excluding severance and special items provide useful information in evaluating the Company's period-to-period performance because it eliminates items that the Company does not consider to be indicative of earnings from ongoing operating activities. Operating profit before depreciation, amortization, severance and special items (if any) is useful in evaluating the Company's ongoing performance of its 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 raw materials. Total operating costs excluding these items provide investors with helpful supplemental information on the Company's underlying operating costs that is used by management in its financial and operational decision-making.

Diluted earnings/(loss) per share from continuing operations excluding severance and special items

| | 2013 by quarter | | | 2012 by quarter | | | | |
|--|-----------------|----------------|----------------|-------------------|--------------------|---------------|----------------|----------------|
| | June 30, 2013 | March 31, 2013 | Full Year 2012 | December 30, 2012 | September 23, 2012 | June 24, 2012 | March 25, 2012 | Full Year 2011 |
| Diluted earnings/(loss) per share from continuing operations | \$0.11 | \$0.04 | \$1.07 | \$0.76 | \$(0.02) | \$0.23 | \$0.10 | \$0.30 |
| Add: | | | | | | | | |
| Severance | 0.01 | 0.02 | 0.04 | 0.02 | — | — | 0.02 | 0.04 |
| Special items: | | | | | | | | |
| Gain on sale of investments | — | — | (0.87) | (0.66) | — | (0.15) | (0.07) | (0.27) |
| Pension settlement expense | — | — | 0.18 | 0.18 | — | — | — | — |
| Other expense | — | — | 0.01 | 0.01 | — | — | — | 0.02 |
| Impairment of assets | — | — | — | — | — | — | — | 0.03 |
| Pension withdrawal expense | — | — | — | — | — | — | — | 0.02 |
| Impairment of investments | — | — | 0.02 | — | — | — | 0.02 | — |
| Premium on debt redemption | — | — | — | — | — | — | — | 0.18 |
| Diluted earnings/(loss) per share from continuing operations excluding severance and special items | \$0.12 | \$0.06 | \$0.45 | \$0.31 | \$(0.02) | \$0.08 | \$0.07 | \$0.32 |

CERTAIN NON-GAAP INFORMATION (continued)

Operating profit before depreciation & amortization, severance and special items

| | 2013 by quarter | | | 2012 by quarter | | | | |
|--|------------------|-------------------|-------------------|----------------------|-----------------------|------------------|-------------------|-------------------|
| | June 30, 2013 | March 31, 2013 | Full Year 2012 | December 30, 2012 | September 23, 2012 | June 24, 2012 | March 25, 2012 | Full Year 2011 |
| Operating profit | \$46,224 | \$28,131 | \$103,654 | \$35,404 | \$8,914 | \$36,635 | \$22,701 | \$126,736 |
| Add: | | | | | | | | |
| Depreciation & amortization | 18,750 | 18,938 | 78,980 | 18,492 | 19,594 | 20,212 | 20,682 | 83,833 |
| Severance | 2,856 | 4,868 | 12,267 | 5,872 | 1,050 | 57 | 5,288 | 10,017 |
| Special items: | | | | | | | | |
| Pension settlement expense | — | — | 47,657 | 47,657 | — | — | — | — |
| Other expense | — | — | 2,620 | 2,620 | — | — | — | 4,500 |
| Impairment of assets | — | — | — | — | — | — | — | 7,458 |
| Pension withdrawal expense | — | — | — | — | — | — | — | 4,228 |
| Operating profit before depreciation & amortization, severance and special items | \$67,830 | \$51,937 | \$245,178 | \$110,045 | \$29,558 | \$56,904 | \$48,671 | \$236,772 |

Operating costs before depreciation & amortization, severance and raw materials

| | 2013 by quarter | | | 2012 by quarter | | | | |
|---|------------------|-------------------|-------------------|----------------------|-----------------------|------------------|-------------------|-------------------|
| | June 30, 2013 | March 31, 2013 | Full Year 2012 | December 30, 2012 | September 23, 2012 | June 24, 2012 | March 25, 2012 | Full Year 2011 |
| Operating costs | \$344,733 | \$352,544 | \$1,441,410 | \$382,433 | \$346,423 | \$351,206 | \$361,348 | \$1,411,652 |
| Less: | | | | | | | | |
| Depreciation & amortization | 18,750 | 18,938 | 78,980 | 18,492 | 19,594 | 20,212 | 20,682 | 83,833 |
| Severance | 2,856 | 4,868 | 12,267 | 5,872 | 1,050 | 57 | 5,288 | 10,017 |
| Operating costs before depreciation & amortization and severance | 323,127 | 328,738 | 1,350,163 | 358,069 | 325,779 | 330,937 | 335,378 | 1,317,802 |
| Less: | | | | | | | | |
| Raw materials | 22,098 | 23,751 | 106,381 | 30,418 | 24,343 | 25,798 | 25,822 | 108,267 |
| Operating costs before depreciation & amortization, severance and raw materials | \$301,029 | \$304,987 | \$1,243,782 | \$327,651 | \$301,436 | \$305,139 | \$309,556 | \$1,209,535 |

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 hereunto duly authorized.

Date: October 25, 2013

THE NEW YORK TIMES COMPANY

By: /s/ KENNETH A. RICHIERI
Kenneth A. Richieri
Executive Vice President and General Counsel