

NEW YORK TIMES CO

Form 10-K

February 26, 2019

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For

the

fiscal

year
ended
Commission file number 1-5837

December

30,

2018

THE NEW YORK TIMES COMPANY

(Exact name of registrant as specified in its charter)

New York 13-1102020

(State or other jurisdiction of
incorporation or organization) (I.R.S. Employer
Identification No.)

620 Eighth Avenue, New York, N.Y. 10018
(Address of principal executive offices) (Zip code)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class Name of each exchange on which registered
Class A Common Stock of \$.10 par value New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: Not Applicable

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Exchange Act. Yes No

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 every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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

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

If an emerging growth company, indicate by the check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to section

13(a) of the Exchange Act. "

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes " No

The aggregate worldwide market value of Class A Common Stock held by non-affiliates, based on the closing price on June 29, 2018, the last business day of the registrant's most recently completed second quarter, as reported on the New York Stock Exchange, was approximately \$4.1 billion. As of such date, non-affiliates held 59,776 shares of Class B Common Stock. There is no active market for such stock.

The number of outstanding shares of each class of the registrant's common stock as of February 21, 2019 (exclusive of treasury shares), was as follows: 165,113,286 shares of Class A Common Stock and 803,408 shares of Class B Common Stock.

Documents incorporated by reference

Portions of the Proxy Statement relating to the registrant's 2019 Annual Meeting of Stockholders, to be held on May 2, 2019, are incorporated by reference into Part III of this report.

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PART I

FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K, including the sections titled “Item 1A — Risk Factors” and “Item 7 — 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” 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 “Item 1A — Risk Factors” below, as well as other risks and factors identified from time to time in our SEC filings.

ITEM 1. BUSINESS

OVERVIEW

The New York Times Company (the “Company”) was incorporated on August 26, 1896, under the laws of the State of New York. The Company and its consolidated subsidiaries are referred to collectively in this Annual Report on Form 10-K as “we,” “our” and “us.”

We are a global media organization focused on creating, collecting and distributing high-quality news and information. Our continued commitment to premium content and journalistic excellence makes The New York Times brand a trusted source of news and information for readers and viewers across various platforms. Recognized widely for the quality of our reporting and content, our publications have been awarded many industry and peer accolades, including 125 Pulitzer Prizes and citations, more than any other news organization.

The Company includes newspapers, print and digital products and related businesses. We have one reportable segment with businesses that include:

- our newspaper, The New York Times (“The Times”);
- our websites, including NYTimes.com;
- our mobile applications, including The Times’s core news applications, as well as interest-specific applications, including our Crossword and Cooking products; and
- related businesses, such as our licensing division; our digital marketing agencies; our product review and recommendation website, Wirecutter; our commercial printing operations; NYT Live (our live events business); and other products and services under The Times brand.

We generate revenues principally from subscriptions and advertising. Subscription revenues consist of revenues from subscriptions to our print and digital products (which include our news products, as well as our Crossword and Cooking products) and single-copy sales of our print newspaper. Advertising revenue is derived from the sale of our advertising products and services on our print and digital platforms. Revenue information for the Company appears under “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Revenues, operating profit and identifiable assets of our foreign operations each represent less than 10% of our total revenues, operating profit and identifiable assets.

During 2018, we continued to make significant investments in our journalism, while taking further steps to position our organization to operate more efficiently in a digital environment. The Times continued to break stories and produce investigative reports that sparked global conversations on wide-ranging topics. We launched

groundbreaking digital journalism projects and new news and opinion podcasts that complement The Daily, our news podcast that launched in 2017 and was the most downloaded podcast on Apple's iTunes in 2018. We also announced the creation of a new television show, "The Weekly," which will begin airing in mid-2019. In addition, we continued to create innovative digital advertising solutions across our platforms and expand our creative services offerings. We believe that the significant growth over the last year in subscriptions to our products demonstrates the success of our "subscription-first" strategy and the willingness of our readers to pay for high-quality journalism. We had approximately 4.3 million subscriptions to our products as of December 30, 2018, more than at any point in our history.

PRODUCTS

The Company's principal business consists of distributing content generated by our newsroom through our digital and print platforms. In addition, we distribute selected content on third-party platforms.

Our core news website, NYTimes.com, was launched in 1996. Since 2011, we have charged consumers for content provided on this website and our core news mobile application. Digital subscriptions can be purchased individually or through group corporate or group education subscriptions. Our metered model offers users free access to a set number of articles per month and then charges users for access to content beyond that limit.

In addition to subscriptions to our news product, we offer standalone subscriptions to other digital products, namely our Crossword and Cooking products. Certain digital news product subscription packages include access to our Crossword and Cooking products.

Our products also include news and opinion podcasts, which are distributed both on our digital platforms and on third-party platforms. We generate advertising and licensing revenue from this content, but do not charge users for access.

The Times's print edition newspaper, published seven days a week in the United States, commenced publication in 1851. The Times also has an international edition that is tailored for global audiences. First published in 2013 and previously called the International New York Times, the international edition succeeded the International Herald Tribune, a leading daily newspaper that commenced publishing in Paris in 1887. Our print newspapers are sold in the United States and around the world through individual home-delivery subscriptions, bulk subscriptions (primarily by schools and hotels) and single-copy sales. All print home-delivery subscribers are entitled to receive free access to some or all of our digital products.

SUBSCRIPTIONS AND AUDIENCE

Our content reaches a broad audience through our digital and print platforms. As of December 30, 2018, we had approximately 4.3 million paid subscriptions across 217 countries and territories to our digital and print products. Paid digital-only subscriptions totaled approximately 3,360,000 as of December 30, 2018, an increase of approximately 27% compared with December 31, 2017. This amount includes standalone paid subscriptions to our Crossword and Cooking products, which totaled approximately 647,000 as of December 30, 2018. International digital-only news subscriptions represented approximately 16% of our digital-only news subscriptions as of December 30, 2018.

The number of paid digital-only subscriptions also includes estimated group corporate and group education subscriptions (which collectively represent approximately 6% of total paid digital subscriptions to our news products). The number of paid group subscriptions is derived using the value of the relevant contract and a discounted basic subscription rate. The actual number of users who have access to our products through group subscriptions is substantially higher.

In the United States, The Times had the largest daily and Sunday print circulation of all seven-day newspapers for the three-month period ended September 30, 2018, according to data collected by the Alliance for Audited Media ("AAM"), an independent agency that audits circulation of most U.S. newspapers and magazines.

For the fiscal year ended December 30, 2018, The Times's average print circulation (which includes paid and qualified circulation of the newspaper in print) was approximately 487,000 for weekday (Monday to Friday) and 992,000 for Sunday. (Under AAM's reporting guidance, qualified circulation represents copies available for individual

consumers that are either non-paid or paid by someone other than the individual, such as copies delivered to schools and colleges and copies purchased by businesses for free distribution.)

Internationally, average circulation for the international edition of our newspaper (which includes paid circulation of the newspaper in print and electronic replica editions) for the fiscal years ended December 30, 2018, and December 31, 2017, was approximately 170,000 (estimated) and 173,000, respectively. These figures follow the guidance of Office de Justification de la Diffusion, an agency based in Paris and a member of the International Federation of Audit Bureaux of Circulations that audits the circulation of most newspapers and magazines in France. The final 2018 figure will not be available until April 2019.

According to comScore Media Metrix, an online audience measurement service, in 2018, NYTimes.com had a monthly average of approximately 94 million unique visitors in the United States on either desktop/laptop computers or mobile devices. Globally, including the United States, NYTimes.com had a 2018 monthly average of approximately 134 million unique visitors on either desktop/laptop computers or mobile devices, according to internal data estimates.

ADVERTISING

We have a comprehensive portfolio of advertising products and services. Our advertising revenue is divided into two main categories:

Display Advertising

Display advertising revenue is principally generated from advertisers (such as financial institutions, movie studios, department stores, American and international fashion and technology) promoting products, services or brands on our digital and print platforms.

In print, column-inch ads are priced according to established rates, with premiums for color and positioning. The Times had the largest market share in 2018 in print advertising revenue among a national newspaper set that consists of USA Today, The Wall Street Journal and The Times, according to MediaRadar, an independent agency that measures advertising sales volume and estimates advertising revenue.

On our digital platforms, display advertising comprises banners, video, rich media and other interactive ads. Display advertising also includes branded content on The Times's platforms. Branded content is longer form marketing content that is distinct from The Times's editorial content.

In 2018, print and digital display advertising represented approximately 84% of our advertising revenues.

Other Advertising

Other print advertising primarily includes classified advertising paid for on a per line basis; revenues from preprinted advertising, also known as free standing inserts; and advertising revenues from our licensing division.

Other digital advertising primarily includes creative services fees associated with our branded content studio and our digital marketing agencies, including HelloSociety and Fake Love; advertising revenue generated by our podcasts; advertising revenue generated by our product review and recommendation website, Wirecutter; and classified advertising, which includes line ads sold in the major categories of real estate, help wanted, automotive and other on either a per-listing basis for bundled listing packages, or as an add on to a print classified ad.

In 2018, print and digital other advertising represented approximately 16% of our advertising revenues.

Seasonality

Our business is affected in part by seasonal patterns in advertising, with generally higher advertising volume in the fourth quarter due to holiday advertising.

COMPETITION

Our print and digital products compete for subscriptions and advertising with other media in their respective markets. Competition for subscription revenue and readership is generally based upon platform, format, content, quality, service, timeliness and price, while competition for advertising is generally based upon audience levels and demographics, advertising rates, service, targeting capabilities, advertising results and breadth of advertising offerings. Our print newspaper competes for subscriptions and advertising primarily with national newspapers such as The Wall Street Journal and The Washington Post; newspapers of general circulation in New York City and its suburbs; other daily and weekly newspapers and television stations and networks in markets in which The Times is circulated; and some national news and lifestyle magazines. The international edition of our newspaper competes with international sources of English-language news, including the Financial Times, Time, Bloomberg Business Week and The Economist.

As our industry continues to experience a shift from print to digital media, our products face competition for audience, subscriptions and advertising from a wide variety of digital media (some of which are free to users), including news and other information websites and mobile applications, news aggregators, sites that cover niche content, social media platforms, and other forms of media. In addition, we compete for advertising on digital advertising networks and exchanges and real-time bidding and other programmatic buying channels, and our branded content studio and digital marketing agencies compete with other marketing agencies that provide similar services, including those of other publishers.

Our news and other digital products most directly compete for audience, subscriptions and advertising with other U.S. news and information websites, mobile applications and digital products, including The Washington Post, The Wall Street Journal, CNN, Vox, Vice, BuzzFeed, NBC News, NPR, Fox News, Yahoo! News and HuffPost. We also compete for audience and advertising with customized news feeds and news aggregators such as Facebook Newsfeed, Apple News and Google News. Internationally, our websites and mobile applications compete with international online sources of English-language news, including BBC News, CNN, The Guardian, the Financial Times, The Wall Street Journal, The Economist and Reuters.

OTHER BUSINESSES

We derive revenue from other businesses, which primarily include:

The Company's licensing division, which transmits articles, graphics and photographs from The Times and other publications to approximately 1,800 newspapers, magazines and websites in over 100 countries and territories worldwide. It also comprises a number of other businesses that primarily include digital archive distribution, which licenses electronic databases to resellers in the business, professional and library markets; magazine licensing; news digests; book development and rights and permissions;

Wirecutter, a product review and recommendation website acquired in October 2016 that serves as a guide to technology gear, home products and other consumer goods. This website generates affiliate referral revenue (revenue generated by offering direct links to merchants in exchange for a portion of the sale price), which we record as other revenues;

The Company's commercial printing operations, which utilize excess printing capacity at our College Point facility in order to print products for third parties; and

The Company's NYT Live business, a platform for our live journalism that convenes thought leaders from business, academia and government at conferences and events to discuss topics ranging from education to sustainability to the luxury business.

PRINT PRODUCTION AND DISTRIBUTION

The Times is currently printed at our production and distribution facility in College Point, N.Y., as well as under contract at 26 remote print sites across the United States. We also utilize excess printing capacity at our College Point facility for commercial printing for third parties. The Times is delivered to newsstands and retail outlets in the New York metropolitan area through a combination of third-party wholesalers and our own drivers. In other markets in the United States and Canada, The Times is delivered through agreements with other newspapers and third-party delivery agents.

The international edition of The Times is printed under contract at 37 sites throughout the world and is sold in over 134 countries and territories. It is distributed through agreements with other newspapers and third-party delivery agents.

RAW MATERIALS

The primary raw materials we use are newsprint and coated paper, which we purchase from a number of North American and European producers. A significant portion of our newsprint is purchased from Resolute FP US Inc., a subsidiary of Resolute Forest Products Inc., a large global manufacturer of paper, market pulp and wood products with which we shared ownership in Donahue Malbaie Inc. (“Malbaie”), a Canadian newsprint company, before we sold our interest in the fourth quarter of 2017.

In 2018 and 2017, we used the following types and quantities of paper:

(In metric tons)	2018	2017
Newsprint ⁽¹⁾	94,400	90,500
Coated and Supercalendared Paper ⁽²⁾	14,600	16,500

⁽¹⁾ 2018 newsprint usage includes paper used for commercial printing.

⁽²⁾ The Times uses a mix of coated and supercalendared paper for The New York Times Magazine, and coated paper for T: The New York Times Style Magazine.

EMPLOYEES AND LABOR RELATIONS

We had approximately 4,320 full-time equivalent employees as of December 30, 2018.

As of December 30, 2018, nearly half of our full-time equivalent employees were represented by unions. The following is a list of collective bargaining agreements covering various categories of the Company’s employees and their corresponding expiration dates. As indicated below, one collective bargaining agreement, under which less than 10% of our full-time equivalent employees are covered, will expire within one year and we expect negotiations for a new contract to begin in the near future. We cannot predict the timing or the outcome of these negotiations.

Employee Category	Expiration Date
Mailers	March 30, 2019
Typographers	March 30, 2020
NewsGuild of New York	March 30, 2021
Paperhandlers	March 30, 2021
Pressmen	March 30, 2021
Stereotypers	March 30, 2021
Machinists	March 30, 2022
Drivers	March 30, 2025

AVAILABLE INFORMATION

Our Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all amendments to those reports, and the Proxy Statement for our Annual Meeting of Stockholders are made available, free of charge, on our website at <http://www.nytc.com>, as soon as reasonably practicable after such reports have been filed with or furnished to the SEC.

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ITEM 1A. RISK FACTORS

You should carefully consider the risk factors described below, as well as the other information included in this Annual Report on Form 10-K. Our business, financial condition or results of operations could be materially adversely affected by any or all of these risks, or by other risks or uncertainties not presently known or currently deemed immaterial, that may adversely affect us in the future.

We face significant competition in all aspects of our business.

We operate in a highly competitive environment. We compete for subscription and advertising revenue with both traditional and other content providers, as well as search engines and social media platforms. Competition among companies offering online content is intense, and new competitors can quickly emerge.

Our ability to compete effectively depends on many factors both within and beyond our control, including among others:

- our ability to continue delivering high-quality journalism and content that is interesting and relevant to our audience; the popularity, usefulness, ease of use, performance and reliability of our digital products compared with those of our competitors;
- the engagement of our current users with our products, and our ability to reach new users;
- our ability to develop, maintain and monetize our products;
- the pricing of our products;
- our marketing and selling efforts, including our ability to differentiate our products from those of our competitors; the visibility of our content and products on search engines and social media platforms and in mobile app stores, compared with that of our competitors;
- our ability to provide marketers with a compelling return on their investments;
- our ability to attract, retain, and motivate talented employees, including journalists and product and technology specialists;
- our ability to manage and grow our business in a cost-effective manner; and
- our reputation and brand strength relative to those of our competitors.

Some of our current and potential competitors may have greater resources than we do, which may allow them to compete more effectively than us.

Our success depends on our ability to respond and adapt to changes in technology and consumer behavior.

Technology in the media industry continues to evolve rapidly. Advances in technology have led to an increased number of methods for the delivery and consumption of news and other content. These developments are also driving changes in the preferences and expectations of consumers as they seek more control over how they consume content. Changes in technology and consumer behavior pose a number of challenges that could adversely affect our revenues and competitive position. For example, among others:

- we may be unable to develop digital products that consumers find engaging, that work with a variety of operating systems and networks and that achieve a high level of market acceptance;
- we may introduce new products or services, or make changes to existing products and services, that are not favorably received by consumers;
- there may be changes in user sentiment about the quality or usefulness of our existing products or concerns related to privacy, security or other factors;

failure to successfully manage changes implemented by social media platforms, search engines, news aggregators or mobile app stores and device manufacturers, including those affecting how our content and applications are prioritized, displayed and monetized, could affect our business;

consumers may increasingly use technology (such as incognito browsing) that decreases our ability to obtain a complete view of the behavior of users who engage with our products;

we may be unable to maintain or update our technology infrastructure in a way that meets market and consumer demands; and

the consumption of our content on delivery platforms of third parties may lead to limitations on monetization of our products, the loss of control over distribution of our content and of a direct relationship with our audience, and lower engagement and subscription rates.

Responding to these changes may require significant investment. We may be limited in our ability to invest funds and resources in digital products, services or opportunities, and we may incur expense in building, maintaining and evolving our technology infrastructure.

Unless we are able to use new and existing technologies to distinguish our products and services from those of our competitors and develop in a timely manner compelling new products and services that engage users across platforms, our business, financial condition and prospects may be adversely affected.

A failure to continue to retain and grow our subscriber base could adversely affect our results of operations and business.

Revenue from subscriptions to our print and digital products makes up a majority of our total revenue. Subscription revenue is sensitive to discretionary spending available to subscribers in the markets we serve, as well as economic conditions. To the extent poor economic conditions lead consumers to reduce spending on discretionary activities, our ability to retain current and obtain new subscribers could be hindered, thereby reducing our subscription revenue. In addition, the growth rate of new subscriptions to our news products that are driven by significant news events, such as an election, and/or promotional pricing may not be sustainable.

Print subscriptions have continued to decline, primarily due to increased competition from digital media formats (which are often free to users), higher subscription prices and a growing preference among many consumers to receive all or a portion of their news from sources other than a print newspaper. If we are unable to offset continued revenue declines resulting from falling print subscriptions with revenue from home-delivery price increases, our print subscription revenue will be adversely affected. In addition, if we are unable to offset continued print subscription revenue declines with digital subscription revenue, our subscription revenue will be adversely affected.

Subscriptions to content provided on our digital platforms generate substantial revenue for us, and our future growth depends upon our ability to retain and grow our digital subscriber base and audience. To do so will require us to evolve our subscription model, address changing consumer demands and developments in technology and improve our digital product offering while continuing to deliver high-quality journalism and content that is interesting and relevant to readers. We have invested, and will continue to invest, significant resources in these efforts, but there is no assurance that we will be able to successfully maintain and increase our digital subscriber base or that we will be able to do so without taking steps such as reducing pricing or incurring subscription acquisition costs that would affect our margin or profitability.

Our ability to retain and grow our subscriber base also depends on the engagement of users with our products, including the frequency, breadth and depth of their use. If users become less engaged with our products, they may be less likely to purchase subscriptions or renew their existing subscriptions, which would adversely affect our subscription revenues. In addition, we may implement changes in the free access we provide to our content or the pricing of our subscriptions that could have an adverse impact on our ability to attract and retain subscribers.

Our advertising revenues are affected by numerous factors, including economic conditions, market dynamics, audience fragmentation and evolving digital advertising trends.

We derive substantial revenues from the sale of advertising in our products. Advertising spending is sensitive to overall economic conditions, and our advertising revenues could be adversely affected if advertisers respond to weak and uneven economic conditions by reducing their budgets or shifting spending patterns or priorities, or if they are forced to consolidate or cease operations.

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In determining whether to buy advertising, our advertisers consider the demand for our products, demographics of our reader base, advertising rates, results observed by advertisers, breadth of advertising offerings and alternative advertising options.

Although print advertising revenue continues to represent a majority of our total advertising revenue (approximately 54% of our total advertising revenues in 2018), the overall proportion continues to decline. The increased popularity of digital media among consumers, particularly as a source for news and other content, has driven a corresponding shift in demand from print advertising to digital advertising. However, our digital advertising revenue has not replaced, and may not replace in full, print advertising revenue lost as a result of the shift.

The increasing number of digital media options available, including through social media platforms and news aggregators, has expanded consumer choice significantly, resulting in audience fragmentation. Competition from digital content providers and platforms, some of which charge lower rates than we do or have greater audience reach and targeting capabilities, and the significant increase in inventory of digital advertising space, have affected and will likely continue to affect our ability to attract and retain advertisers and to maintain or increase our advertising rates. In recent years, large digital platforms, such as Facebook, Google and Amazon, which have greater audience reach and targeting capabilities than we do, have commanded an increased share of the digital display advertising market, and we anticipate that this trend will continue.

The digital advertising market itself continues to undergo significant change. Digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audiences at scale are playing a more significant role in the advertising marketplace and may cause further downward pricing pressure. Newer delivery platforms may also lead to a loss of distribution and pricing control and loss of a direct relationship with consumers. Growing consumer reliance on mobile devices creates additional pressure, as mobile display advertising may not command the same rates as desktop advertising. In addition, changes in the standards for the delivery of digital advertising could also negatively affect our digital advertising revenues.

Technologies have been developed, and will likely continue to be developed, that enable consumers to circumvent digital advertising on websites and mobile devices. Advertisements blocked by these technologies are treated as not delivered and any revenue we would otherwise receive from the advertiser for that advertisement is lost. Increased adoption of these technologies could adversely affect our advertising revenues, particularly if we are unable to develop effective solutions to mitigate their impact.

We have continued to take steps intended to retain and grow our subscriber base, which we expect to have long-term benefits for our advertising revenue, but may have the near-term effect of reducing inventory for digital programmatic advertising in our products.

As the digital advertising market continues to evolve, our ability to compete successfully for advertising budgets will depend on, among other things, our ability to engage and grow digital audiences and prove the value of our advertising and the effectiveness of our platforms to advertisers.

We may experience further downward pressure on our advertising revenue margins.

The character of our advertising continues to change, as demand for newer forms of advertising, such as branded content and other customized advertising increases. The margin on revenues from some of these advertising forms is generally lower than the margin on revenues we generate from our print advertising and traditional digital display advertising. Consequently, we may experience further downward pressure on our advertising revenue margins as a greater percentage of advertising revenues comes from these newer forms.

Investments we make in new and existing products and services expose us to risks and challenges that could adversely affect our operations and profitability.

We have invested and expect to continue to invest significant resources to enhance and expand our existing products and services and to develop new products and services. These investments have included, among others: enhancements to our core news product; our lifestyle products (including our existing Crossword and Cooking products, as well as a new Parenting product we plan to launch); investments in our podcasts and upcoming television program, *The Weekly*; as well as our commercial printing and other ancillary operations. These efforts present numerous risks and challenges, including the potential need for us to develop additional expertise in certain areas; technological and operational challenges; the need to effectively allocate capital resources; new and/or increased costs (including marketing costs and costs to recruit, integrate and retain skilled employees); risks

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associated with new strategic relationships; new competitors (some of which may have more resources and experience in certain areas); and additional legal and regulatory risks from expansion into new areas. As a result of these and other risks and challenges, growth into new areas may divert internal resources and the attention of our management and other personnel, including journalists and product and technology specialists.

Although we have an established reputation as a global media company, our ability to gain and maintain an audience, particularly for some of our new digital products, is not certain, and if they are not favorably received, our brand may be adversely affected. Even if our new products and services, or enhancements to existing products and services, are favorably received, they may not advance our business strategy as expected, may result in unanticipated costs or liabilities and may fall short of expected return on investment targets or fail to generate sufficient revenue to justify our investments, which could adversely affect our business, results of operations and financial condition.

The fixed cost nature of significant portions of our expenses may limit our operating flexibility and could adversely affect our results of operations.

We continually assess our operations in an effort to identify opportunities to enhance operational efficiencies and reduce expenses. However, significant portions of our expenses are fixed costs that neither increase nor decrease proportionately with revenues. In addition, our ability to make short-term adjustments to manage our costs or to make changes to our business strategy may be limited by certain of our collective bargaining agreements. If we were unable to implement cost-control efforts or reduce our fixed costs sufficiently in response to a decline in our revenues, our results of operations will be adversely affected.

The size and volatility of our pension plan obligations may adversely affect our operations, financial condition and liquidity.

We sponsor several single-employer defined benefit pension plans. Although we have frozen participation and benefits under all but one of these qualified pension plans, and have taken other steps to reduce the size and volatility of our pension plan obligations, our results of operations will be affected by the amount of income or expense we record for, and the contributions we are required to make to, these plans.

We are required to make contributions to our plans to comply with minimum funding requirements imposed by laws governing those plans. As of December 30, 2018, our qualified defined benefit pension plans were underfunded by approximately \$81 million. Our obligation to make additional contributions to our plans, and the timing of any such contributions, depends on a number of factors, many of which are beyond our control. These include: legislative changes; assumptions about mortality; and economic conditions, including a low interest rate environment or sustained volatility and disruption in the stock and bond markets, which impact discount rates and returns on plan assets.

As a result of required contributions to our qualified pension plans, we may have less cash available for working capital and other corporate uses, which may have an adverse impact on our results of operations, financial condition and liquidity.

In addition, the Company sponsors several non-qualified pension plans, with unfunded obligations totaling \$223 million. Although we have frozen participation and benefits under these plans, and have taken other steps to reduce the size and volatility of our obligations under these plans, a number of factors, including changes in discount rates or mortality tables, may have an adverse impact on our results of operations and financial condition.

Our participation in multiemployer pension plans may subject us to liabilities that could materially adversely affect our results of operations, financial condition and cash flows.

We participate in, and make periodic contributions to, various multiemployer pension plans that cover many of our current and former production and delivery union employees. Our required contributions to these plans could increase because of a shrinking contribution base as a result of the insolvency or withdrawal of other companies that currently contribute to these plans, the inability or failure of withdrawing companies to pay their withdrawal liability, low interest rates, lower than expected returns on pension fund assets, other funding deficiencies, or potential legislative action. Our withdrawal liability for any multiemployer pension plan will depend on the nature and timing of any triggering event and the extent of that plan's funding of vested benefits.

If a multiemployer pension plan in which we participate has significant underfunded liabilities, such underfunding will increase the size of our potential withdrawal liability. In addition, under federal pension law, special funding rules apply to multiemployer pension plans that are classified as "endangered," "critical" or "critical

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and declining.” If plans in which we participate are in critical status, benefit reductions may apply and/or we could be required to make additional contributions.

We have recorded significant withdrawal liabilities with respect to multiemployer pension plans in which we formerly participated (primarily in connection with the sales of the New England Media Group in 2013 and the Regional Media Group in 2012) and may record additional liabilities in the future. In addition, due to declines in our contributions, we have recorded withdrawal liabilities for actual and estimated partial withdrawals from several plans in which we continue to participate. Until demand letters from some of the multiemployer plans’ trustees are received, the exact amount of the withdrawal liability will not be fully known and, as such, a difference from the recorded estimate could have an adverse effect on our results of operations, financial condition and cash flows. Several of the multiemployer plans in which we participate are specific to the newspaper industry, which continues to undergo significant pressure. A withdrawal by a significant percentage of participating employers may result in a mass withdrawal declaration by the trustees of one or more of these plans, which would require us to record additional withdrawal liabilities.

If, in the future, we elect to withdraw from these plans or if we trigger a partial withdrawal due to declines in contribution base units or a partial cessation of our obligation to contribute, additional liabilities would need to be recorded that could have an adverse effect on our business, results of operations, financial condition or cash flows. Legislative changes could also affect our funding obligations or the amount of withdrawal liability we incur if a withdrawal were to occur.

Security breaches and other network and information systems disruptions could affect our ability to conduct our business effectively and damage our reputation.

Our systems store and process confidential subscriber, employee and other sensitive personal and Company data, and therefore maintaining our network security is of critical importance. In addition, we rely on the technology and systems provided by third-party vendors (including cloud-based service providers) for a variety of operations, including encryption and authentication technology, employee email, domain name registration, content delivery to customers, administrative functions (including payroll processing and certain finance and accounting functions) and other operations.

We regularly face attempts by third parties to breach our security and compromise our information technology systems. These attackers may use a blend of technology and social engineering techniques (including denial of service attacks, phishing attempts intended to induce our employees and users to disclose information or unwittingly provide access to systems or data and other techniques), with the goal of service disruption or data exfiltration. Information security threats are constantly evolving, increasing the difficulty of detecting and successfully defending against them. To date, no incidents have had, either individually or in the aggregate, a material adverse effect on our business, financial condition or results of operations.

In addition, our systems, and those of third parties upon which our business relies, may be vulnerable to interruption or damage that can result from natural disasters or the effects of climate change (such as increased storm severity and flooding), fires, power outages or internet outages, acts of terrorism or other similar events.

We have implemented controls and taken other preventative measures designed to strengthen our systems against such incidents and attacks, including measures designed to reduce the impact of a security breach at our third-party vendors. Although the costs of the controls and other measures we have taken to date have not had a material effect on our financial condition, results of operations or liquidity, there can be no assurance as to the costs of additional controls and measures that we may conclude are necessary in the future.

There can also be no assurance that the actions, measures and controls we have implemented will be effective against future attacks or be sufficient to prevent a future security breach or other disruption to our network or information systems, or those of our third-party providers, and our disaster recovery planning cannot account for all eventualities. Such an event could result in a disruption of our services, improper disclosure of personal data or confidential information, or theft or misuse of our intellectual property, all of which could harm our reputation, require us to expend resources to remedy such a security breach or defend against further attacks, divert management’s attention and resources or subject us to liability under laws that protect personal data, or otherwise adversely affect our business.

While we maintain cyber risk insurance, the costs relating to any data breach could be substantial, and our insurance may not be sufficient to cover all losses related to any future breaches of our systems.

Our brand and reputation are key assets of the Company, and negative perceptions or publicity could adversely affect our business, financial condition and results of operations.

We believe that The New York Times brand is a powerful and trusted brand with an excellent reputation for high-quality independent journalism and content, but that our brand could be damaged by incidents that erode consumer trust. For example, to the extent consumers perceive our journalism to be less reliable, whether as a result of negative publicity or otherwise, our ability to attract readers and advertisers may be hindered. In addition, we may introduce new products or services that users do not like and that may negatively affect our brand. We also may fail to provide adequate customer service, which could erode confidence in our brand. Our reputation could also be damaged by failures of third-party vendors we rely on in many contexts. We are investing in defining and enhancing our brand. These investments are considerable and may not be successful. To the extent our brand and reputation are damaged by these or other incidents, our revenues and profitability could be adversely affected.

Our international operations expose us to economic and other risks inherent in foreign operations.

We have news bureaus and other offices around the world, and our digital and print products are generally available globally. We are focused on further expanding the international scope of our business, and face the inherent risks associated with doing business abroad, including:

- effectively managing and staffing foreign operations, including complying with local laws and regulations in each different jurisdiction;
- ensuring the safety and security of our journalists and other employees;
- navigating local customs and practices;
- government policies and regulations that restrict the digital flow of information, which could block access to, or the functionality of, our products, or other retaliatory actions or behavior by government officials;
- protecting and enforcing our intellectual property and other rights under varying legal regimes;
- complying with international laws and regulations, including those governing intellectual property, libel and defamation, consumer privacy and the collection, use, retention, sharing and security of consumer and staff data;
- potential economic, legal, political or social uncertainty and volatility in local or global market conditions (e.g., as a result of the implementation of the United Kingdom's referendum to withdraw membership from the European Union, commonly referred to as Brexit);
- restrictions on the ability of U.S. companies to do business in foreign countries, including restrictions on foreign ownership, foreign investment or repatriation of funds;
- higher-than-anticipated costs of entry; and
- currency exchange rate fluctuations.

Adverse developments in any of these areas could have an adverse impact on our business, financial condition and results of operations. For example, we may incur increased costs necessary to comply with existing and newly adopted laws and regulations or penalties for any failure to comply.

In addition, we have limited experience in developing and marketing our digital products in certain international regions and non-English languages and could be at a disadvantage compared with local and multinational competitors. Failure to comply with laws and regulations, including with respect to privacy, data protection and consumer marketing practices, could adversely affect our business.

Our business is subject to various laws and regulations of local and foreign jurisdictions, including laws and regulations with respect to online privacy and the collection and use of personal data, as well as laws and regulations with respect to consumer marketing practices.

Various federal and state laws and regulations, as well as the laws of foreign jurisdictions, govern the collection, use, retention, processing, sharing and security of the data we receive from and about our users. Failure to protect confidential user data, provide users with adequate notice of our privacy policies or obtain required valid consent, for

example, could subject us to liabilities imposed by these jurisdictions. Existing privacy-related laws and regulations are evolving and subject to potentially differing interpretations, and various federal and state legislative and regulatory bodies, as well as foreign legislative and regulatory bodies, may expand current or enact new laws regarding privacy and data protection. For example, the General Data Protection Regulation adopted by the European Union imposed more stringent data protection requirements and significant penalties for noncompliance as of May 25, 2018; California's recently adopted Consumer Privacy Act creates new data privacy rights effective in 2020; and the European Union's forthcoming ePrivacy Regulation is expected to impose, with respect to electronic communications, stricter data protection and data processing requirements.

In addition, various federal and state laws and regulations, as well as the laws of foreign jurisdictions, govern the manner in which we market our subscription products, including with respect to pricing and subscription renewals. These laws and regulations often differ across jurisdictions.

Existing and newly adopted laws and regulations (or new interpretations of existing laws and regulations) may impose new obligations in areas affecting our business, require us to incur increased compliance costs and cause us to further adjust our advertising or marketing practices. Any failure, or perceived failure, by us or the third parties upon which we rely to comply with laws and regulations that govern our business operations, as well as any failure, or perceived failure, by us or the third parties upon which we rely to comply with our own posted policies, could result in claims against us by governmental entities or others, negative publicity and a loss of confidence in us by our users and advertisers. Each of these potential consequences could adversely affect our business and results of operations.

A significant increase in the price of newsprint, or significant disruptions in our newsprint supply chain or newspaper printing and distribution channels, would have an adverse effect on our operating results.

The cost of raw materials, of which newsprint is the major component, represented approximately 5% of our total operating costs in 2018. The price of newsprint has historically been volatile and could increase as a result of various factors, including:

- a reduction in the number of newsprint suppliers due to restructurings, bankruptcies, consolidations and conversions to other grades of paper;
- increases in supplier operating expenses due to rising raw material or energy costs or other factors;
- currency volatility;
- duties on certain paper imports from Canada into United States; and
- an inability to maintain existing relationships with our newsprint suppliers.

We also rely on suppliers for deliveries of newsprint, and the availability of our newsprint supply may be affected by various factors, including labor unrest, transportation issues and other disruptions that may affect deliveries of newsprint.

Outside the New York area, The Times is printed and distributed under contracts with print and distribution partners across the United States and internationally. Financial pressures, newspaper industry economics or other circumstances affecting these print and distribution partners could lead to reduced operations or consolidations of print sites and/or distribution routes, which could increase the cost of printing and distributing our newspapers.

If newsprint prices increase significantly or we experience significant disruptions in our newsprint supply chain or newspaper printing and distribution channels, our operating results may be adversely affected.

Acquisitions, divestitures, investments and other transactions could adversely affect our costs, revenues, profitability and financial position.

In order to position our business to take advantage of growth opportunities, we engage in discussions, evaluate opportunities and enter into agreements for possible acquisitions, divestitures, investments and other transactions. We may also consider the acquisition of, or investment in, specific properties, businesses or technologies that fall outside our traditional lines of business and diversify our portfolio, including those that may operate in new and developing industries, if we deem such properties sufficiently attractive.

Acquisitions may involve significant risks and uncertainties, including:

- difficulties in integrating acquired businesses (including cultural challenges associated with integrating employees from the acquired company into our organization);
- diversion of management attention from other business concerns or resources;
- use of resources that are needed in other parts of our business;
- possible dilution of our brand or harm to our reputation;
- the potential loss of key employees;
- risks associated with integrating financial reporting, internal control and information technology systems; and
- other unanticipated problems and liabilities.

Competition for certain types of acquisitions, particularly digital properties, is significant. Even if successfully negotiated, closed and integrated, certain acquisitions or investments may prove not to advance our business strategy, may cause us to incur unanticipated costs or liabilities and may fall short of expected return on investment targets, which could adversely affect our business, results of operations and financial condition.

In addition, we have divested and may in the future divest certain assets or businesses that no longer fit with our strategic direction or growth targets. Divestitures involve significant risks and uncertainties that could adversely affect our business, results of operations and financial condition. These include, among others, the inability to find potential buyers on favorable terms, disruption to our business and/or diversion of management attention from other business concerns, loss of key employees and possible retention of certain liabilities related to the divested business.

Finally, we have made investments in companies, and we may make similar investments in the future. Investments in these businesses subject us to the operating and financial risks of these businesses and to the risk that we do not have sole control over the operations of these businesses. Our investments are generally illiquid and the absence of a market may inhibit our ability to dispose of them. In addition, if the book value of an investment were to exceed its fair value, we would be required to recognize an impairment charge related to the investment.

A significant number of our employees are unionized, and our business and results of operations could be adversely affected if labor agreements were to further restrict our ability to maximize the efficiency of our operations.

Nearly half of our full-time equivalent work force is unionized. As a result, we are required to negotiate the wage, benefits and other terms and conditions of employment with many of our employees collectively. Our results could be adversely affected if future labor negotiations or contracts were to further restrict our ability to maximize the efficiency of our operations, or if a larger percentage of our workforce were to be unionized. If we are unable to negotiate labor contracts on reasonable terms, or if we were to experience labor unrest or other business interruptions in connection with labor negotiations or otherwise, our ability to produce and deliver our products could be impaired. In addition, our ability to make adjustments to control compensation and benefits costs, change our strategy or otherwise adapt to changing business needs may be limited by the terms and duration of our collective bargaining agreements.

We are subject to payment processing risk.

We accept payments using a variety of different payment methods, including credit and debit cards and direct debit. We rely on internal systems as well as those of third parties to process payments. Acceptance and processing of these payment methods are subject to certain certifications, rules and regulations. To the extent there are disruptions in our or third-party payment processing systems, material changes in the payment ecosystem, failure to recertify and/or changes to rules or regulations concerning payment processing, we could be subject to fines and/or civil liability, or lose our ability to accept credit and debit card payments, which would harm our reputation and adversely impact our results of operations.

Our business may suffer if we cannot protect our intellectual property.

Our business depends on our intellectual property, including our valuable brands, content, services and internally developed technology. We believe our proprietary trademarks and other intellectual property rights are important to our continued success and our competitive position. Unauthorized parties may attempt to copy or otherwise unlawfully obtain and use our content, services, technology and other intellectual property, and we cannot

be certain that the steps we have taken to protect our proprietary rights will prevent any misappropriation or confusion among consumers and merchants, or unauthorized use of these rights.

Advancements in technology have made the unauthorized duplication and wide dissemination of content easier, making the enforcement of intellectual property rights more challenging. In addition, as our business and the risk of misappropriation of our intellectual property rights have become more global in scope, we may not be able to protect our proprietary rights in a cost-effective manner in a multitude of jurisdictions with varying laws.

If we are unable to procure, protect and enforce our intellectual property rights, including maintaining and monetizing our intellectual property rights to our content, we may not realize the full value of these assets, and our business and profitability may suffer. In addition, if we must litigate in the United States or elsewhere to enforce our intellectual property rights or determine the validity and scope of the proprietary rights of others, such litigation may be costly. We have been, and may be in the future, subject to claims of intellectual property infringement that could adversely affect our business.

We periodically receive claims from third parties alleging infringement, misappropriation or other violations of their intellectual property rights. These third parties include rights holders seeking to monetize intellectual property they own or otherwise have rights to through asserting claims of infringement or misuse. Even if we believe that these claims of intellectual property infringement are without merit, defending against the claims can be time-consuming, be expensive to litigate or settle, and cause diversion of management attention.

These intellectual property infringement claims, if successful, may require us to enter into royalty or licensing agreements on unfavorable terms, use more costly alternative technology or otherwise incur substantial monetary liability. Additionally, these claims may require us to significantly alter certain of our operations. The occurrence of any of these events as a result of these claims could result in substantially increased costs or otherwise adversely affect our business.

We may not have access to the capital markets on terms that are acceptable to us or may otherwise be limited in our financing options.

From time to time the Company may need or desire to access the long-term and short-term capital markets to obtain financing. The Company's access to, and the availability of, financing on acceptable terms and conditions in the future will be impacted by many factors, including, but not limited to: (1) the Company's financial performance; (2) the Company's credit ratings or absence of a credit rating; (3) liquidity of the overall capital markets and (4) the state of the economy. There can be no assurance that the Company will continue to have access to the capital markets on terms acceptable to it.

In addition, macroeconomic conditions, such as volatility or disruption in the credit markets, could adversely affect our ability to obtain financing to support operations or to fund acquisitions or other capital-intensive initiatives.

Our Class B Common Stock is principally held by descendants of Adolph S. Ochs, through a family trust, and this control could create conflicts of interest or inhibit potential changes of control.

We have two classes of stock: Class A Common Stock and Class B Common Stock. Holders of Class A Common Stock are entitled to elect 30% of the Board of Directors and to vote, with holders of Class B Common Stock, on the reservation of shares for equity grants, certain material acquisitions and the ratification of the selection of our auditors. Holders of Class B Common Stock are entitled to elect the remainder of the Board of Directors and to vote on all other matters. Our Class B Common Stock is principally held by descendants of Adolph S. Ochs, who purchased The Times in 1896. A family trust holds approximately 90% of the Class B Common Stock. As a result, the trust has the ability to elect 70% of the Board of Directors and to direct the outcome of any matter that does not require a vote of the Class A Common Stock. Under the terms of the trust agreement, the trustees are directed to retain the Class B Common Stock held in trust and to vote such stock against any merger, sale of assets or other transaction pursuant to which control of The Times passes from the trustees, unless they determine that the primary objective of the trust can be achieved better by the implementation of such transaction. Because this concentrated control could discourage others from initiating any potential merger, takeover or other change of control transaction that may otherwise be beneficial to our businesses, the market price of our Class A Common Stock could be adversely affected.

Adverse results from litigation or governmental investigations can impact our business practices and operating results. From time to time, we are party to litigation, including matters relating to alleged libel or defamation and employment-related matters, as well as regulatory, environmental and other proceedings with governmental authorities and administrative agencies. See Note 19 of the Notes to the Consolidated Financial Statements regarding certain matters. Adverse outcomes in lawsuits or investigations could result in significant monetary damages or injunctive relief that could adversely affect our results of operations or financial condition as well as our ability to conduct our business as it is presently being conducted. In addition, regardless of merit or outcome, such proceedings can have an adverse impact on the Company as a result of legal costs, diversion of management and other personnel, and other factors.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

Our principal executive offices are located in our New York headquarters building in the Times Square area. The building was completed in 2007 and consists of approximately 1.54 million gross square feet, of which approximately 828,000 gross square feet of space have been allocated to us. We owned a leasehold condominium interest representing approximately 58% of the New York headquarters building until March 2009, when we entered into an agreement to sell and simultaneously lease back 21 floors, or approximately 750,000 rentable square feet, occupied by us (the "Condo Interest"). The sale price for the Condo Interest was \$225.0 million. The lease term is 15 years, and we have three renewal options that could extend the term for an additional 20 years. We have an option to repurchase the Condo Interest for \$250.0 million in the fourth quarter of 2019, and we have provided notice of our intent to exercise this option. We continue to own a leasehold condominium interest in seven floors in our New York headquarters building, totaling approximately 216,000 rentable square feet that were not included in the sale-leaseback transaction, all of which are currently leased to third parties.

As part of the Company's redesign of our headquarters building, which was substantially completed in the fourth quarter of 2018, we consolidated the Company's operations from the 17 floors we previously occupied and we have leased five and a half additional floors to third parties as of December 30, 2018.

In addition, we have a printing and distribution facility with 570,000 gross square feet located in College Point, N.Y., on a 31-acre site owned by the City of New York for which we have a ground lease. We have an option to purchase the property before the lease ends in 2019 for \$6.9 million. As of December 30, 2018, we also owned other properties with an aggregate of approximately 3,000 gross square feet and leased other properties with an aggregate of approximately 187,000 rentable square feet in various locations.

ITEM 3. 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 19 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 4. MINE SAFETY DISCLOSURES

Not applicable.

EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Employed By Registrant Since	Recent Position(s) Held as of February 26, 2019
Mark Thompson	61	2012	President and Chief Executive Officer (since 2012); Director-General, British Broadcasting Corporation (2004 to 2012)
A.G. Sulzberger	38	2009	Publisher of The Times (since 2018); Deputy Publisher (2016 to 2017); Associate Editor (2015-2016); Assistant Editor (2012-2015)
R. Anthony Benten	55	1989	Senior Vice President, Treasurer (since December 2016) and Corporate Controller (since 2007); Senior Vice President, Finance (2008 to 2016)
Diane Brayton	50	2004	Executive Vice President, General Counsel (since January 2017) and Secretary (since 2011); Deputy General Counsel (2016); Assistant Secretary (2009 to 2011) and Assistant General Counsel (2009 to 2016)
Roland A. Caputo	58	1986	Executive Vice President and Chief Financial Officer (since 2018); Executive Vice President, Print Products and Services Group (2013 to 2018); Senior Vice President and Chief Financial Officer, The New York Times Media Group (2008 to 2013)
Meredith Kopit Levien	47	2013	Executive Vice President (since 2013) and Chief Operating Officer (since 2017); Chief Revenue Officer (2015 to 2017); Executive Vice President, Advertising (2013 to 2015); Chief Revenue Officer, Forbes Media LLC (2011 to 2013)

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PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION

The Class A Common Stock is listed on the New York Stock Exchange under the trading symbol "NYT". The Class B Common Stock is unlisted and is not actively traded.

The number of security holders of record as of February 21, 2019, was as follows: Class A Common Stock: 5,394; Class B Common Stock: 25.

We have paid quarterly dividends of \$0.04 per share on the Class A and Class B Common Stock since late 2013. In February 2019, the Board of Directors approved a quarterly dividend of \$0.05 per share. We currently expect to continue to pay comparable cash dividends in the future, although changes in our dividend program may be considered by our Board of Directors in light of our earnings, capital requirements, financial condition and other factors considered relevant. In addition, our Board of Directors will consider restrictions in any future indebtedness.

ISSUER PURCHASES OF EQUITY SECURITIES⁽¹⁾

Period	Total number of shares of Class A Common Stock purchased (a)	Average price paid per share of Class A Common Stock (b)	Total number of shares of Class A Common Stock purchased as part of publicly announced plans or programs (c)	Maximum number (or approximate dollar value) of shares of Class A Common Stock that may yet be purchased under the plans or programs (d)
October 1, 2018 - November 4, 2018	—	\$	—	\$ 16,236,612
November 5, 2018 - December 2, 2018	—	\$	—	\$ 16,236,612
December 3, 2018 - December 30, 2018	—	\$	—	\$ 16,236,612
Total for the fourth quarter of 2018	—	\$	—	\$ 16,236,612

(1) On January 13, 2015, the Board of Directors approved an authorization of \$101.1 million to repurchase shares of the Company's Class A Common Stock. As of December 30, 2018, repurchases under this authorization totaled \$84.9 million (excluding commissions), and \$16.2 million remained under this authorization. All purchases were made pursuant to our publicly announced share repurchase program. Our Board of Directors has authorized us to purchase shares from time to time, subject to market conditions and other factors. There is no expiration date with respect to this authorization.

PERFORMANCE PRESENTATION

The following graph shows the annual cumulative total stockholder return for the five fiscal years ended December 30, 2018, on an assumed investment of \$100 on December 29, 2013, in the Company, the Standard & Poor's S&P 400 MidCap Stock Index and the Standard & Poor's S&P 1500 Publishing and Printing Index. Stockholder return is measured by dividing (a) the sum of (i) the cumulative amount of dividends declared for the measurement period, assuming reinvestment of dividends, and (ii) the difference between the issuer's share price at the end and the beginning of the measurement period, by (b) the share price at the beginning of the measurement period. As a result, stockholder return includes both dividends and stock appreciation.

Stock Performance Comparison Between the S&P 400 Midcap Index, S&P 1500 Publishing & Printing Index and The New York Times Company's Class A Common Stock

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ITEM 6. SELECTED FINANCIAL DATA

The Selected Financial Data should be read in conjunction with “Item 7 — Management’s Discussion and Analysis of Financial Condition and Results of Operations” and the Consolidated Financial Statements and the related Notes in Item 8. The results of operations for the New England Media Group, which was sold in 2013, have been presented as discontinued operations for all periods presented (see Note 14 of the Notes to the Consolidated Financial Statements). The pages following the table show certain items included in Selected Financial Data. All per share amounts on those pages are on a diluted basis. Fiscal year 2017 comprised 53 weeks and all other fiscal years presented in the table below comprised 52 weeks.

(In thousands)	As of and for the Years Ended				
	December 30, 2018 (52 Weeks)	December 31, 2017 (53 Weeks)	December 25, 2016 (52 Weeks)	December 27, 2015 (52 Weeks)	December 28, 2014 (52 Weeks)
Statement of Operations Data					
Revenues	\$ 1,748,598	\$ 1,675,639	\$ 1,555,342	\$ 1,579,215	\$ 1,588,528
Operating costs ⁽¹⁾	1,558,778	1,493,278	1,419,416	1,385,840	1,470,234
Headquarters redesign and consolidation	4,504	10,090	—	—	—
Restructuring charge	—	—	16,518	—	—
Multiemployer pension and other contractual (gain)/loss ⁽¹⁾	(4,851)	(4,320)	6,730	9,055	—
Early termination charge and other expenses	—	—	—	—	2,550
Operating profit ⁽¹⁾	190,167	176,591	112,678	184,320	115,744
Other components of net periodic benefit costs ⁽¹⁾	8,274	64,225	11,074	47,735	23,796
Gain/(loss) from joint ventures	10,764	18,641	(36,273)	(783)	(8,368)
Interest expense and other, net	16,566	19,783	34,805	39,050	53,730
Income from continuing operations before income taxes	176,091	111,224	30,526	96,752	29,850
Income from continuing operations	127,460	7,268	26,105	62,842	33,391
Loss from discontinued operations, net of income taxes	—	(431)	(2,273)	—	(1,086)
Net income attributable to The New York Times Company common stockholders	125,684	4,296	29,068	63,246	33,307
Balance Sheet Data					
Cash, cash equivalents and marketable securities	\$ 826,363	\$ 732,911	\$ 737,526	\$ 904,551	\$ 981,170
Property, plant and equipment, net	638,846	640,939	596,743	632,439	665,758
Total assets	2,197,123	2,099,780	2,185,395	2,417,690	2,566,474
Total debt and capital lease obligations	253,630	250,209	246,978	431,228	650,120
Total New York Times Company stockholders’ equity	1,040,781	897,279	847,815	826,751	726,328

As a result of the adoption of the ASU 2017-07 during the first quarter of 2018, the service cost component of net periodic benefit costs/(income) from our pension and other postretirement benefits plans will continue to be presented within operating costs, while the other components of net periodic benefits costs/(income) such as interest cost, amortization of prior service credit and gains or losses from our pension and other postretirement

⁽¹⁾ benefits plans will be separately presented outside of “Operating costs” in the new line item “Other components of net periodic benefits costs/(income)”. The Company has recast the Consolidated Statement of Operations for the respective prior periods presented to conform with the current period presentation. Costs associated with multiemployer pension plans were not addressed in ASU 2017-07, and continue to be included in operating costs, except as separately disclosed.

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(In thousands, except ratios, per share and employee data)	As of and for the Years Ended				
	December 30, 2018 (52 Weeks)	December 31, 2017 (53 Weeks)	December 25, 2016 (52 Weeks)	December 27, 2015 (52 Weeks)	December 28, 2014 (52 Weeks)
Per Share of Common Stock					
Basic earnings/(loss) per share attributable to The New York Times Company common stockholders:					
Income from continuing operations	\$0.76	\$ 0.03	\$ 0.19	\$ 0.38	\$ 0.23
Loss from discontinued operations, net of income taxes	—	—	(0.01)	—	(0.01)
Net income	\$0.76	\$ 0.03	\$ 0.18	\$ 0.38	\$ 0.22
Diluted earnings/(loss) per share attributable to The New York Times Company common stockholders:					
Income from continuing operations	\$0.75	\$ 0.03	\$ 0.19	\$ 0.38	\$ 0.21
Loss from discontinued operations, net of income taxes	—	—	(0.01)	—	(0.01)
Net income	\$0.75	\$ 0.03	\$ 0.18	\$ 0.38	\$ 0.20
Dividends declared per share	\$0.16	\$ 0.16	\$ 0.16	\$ 0.16	\$ 0.16
New York Times Company stockholders' equity per share	\$6.23	\$ 5.46	\$ 5.21	\$ 4.97	\$ 4.50
Average basic shares outstanding	164,845	161,926	161,128	164,390	150,673
Average diluted shares outstanding	166,939	164,263	162,817	166,423	161,323
Key Ratios					
Operating profit to revenues	10.9 %	10.5 %	7.2 %	11.7 %	7.3 %
Return on average common stockholders' equity	13.0 %	0.5 %	3.5 %	8.1 %	4.2 %
Return on average total assets	5.8 %	0.2 %	1.3 %	2.5 %	1.3 %
Total debt and capital lease obligations to total capitalization	19.6 %	21.8 %	22.6 %	34.3 %	47.2 %
Current assets to current liabilities	1.33	1.80	2.00	1.53	1.91
Full-Time Equivalent Employees	4,320	3,789	3,710	3,560	3,588

The items below are included in the Selected Financial Data. As a result of the adoption of ASU 2017-07 during the first quarter of 2018, the Company has recast the respective prior periods to conform with the current period presentation.

2018

The items below had a net unfavorable effect on our Income from continuing operations of \$7.3 million, or \$.05 per share:

- \$15.3 million of pre-tax expenses (\$11.2 million after tax, or \$.07 per share) for non-operating retirement costs; an \$11.3 million pre-tax gain (\$8.5 million after tax or \$.05 per share) reflecting our proportionate share of a distribution from the sale of assets by Madison Paper Industries (“Madison”), a partnership that previously operated a paper mill, in which the Company has an investment through a subsidiary. See Note 6 of the Notes to the Consolidated Financial Statements for more information on this item;
- a \$6.7 million pre-tax charge (\$4.9 million after tax, or \$.03 per share) for severance costs;
- a \$4.9 million pre-tax gain (\$3.6 million after tax or \$.02 per share) from a multiemployer pension plan liability adjustment. See Note 10 of the Notes to the Consolidated Financial Statements for more information on this item; and

a \$4.5 million pre-tax charge (\$3.3 million after tax or \$.02 per share) in connection with the redesign and consolidation of space in our headquarters building. See Note 8 of the Notes to the Consolidated Financial Statements for more information on this item.

2017 (53-week fiscal year)

The items below had a net unfavorable effect on our Income from continuing operations of \$119.9 million, or \$.73 per share:

- \$102.1 million of pre-tax pension settlement charges (\$61.5 million after tax, or \$.37 per share) in connection with the transfer of certain pension benefit obligations to insurers (in connection with the adoption of ASU 2017-07 this amount was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);
- a \$68.7 million charge (\$.42 per share) primarily attributable to the remeasurement of our net deferred tax assets required as a result of tax legislation;
- a \$37.1 million pre-tax gain (\$22.3 million after tax, or \$.14 per share) primarily in connection with the settlement of contractual funding obligations for a postretirement plan (in connection with the adoption of ASU 2017-07, \$32.7 million relating to the postretirement plan was reclassified to “Other components of net periodic benefit costs” below “Operating profit” while the contractual gain of \$4.3 million remains in “Multiemployer pension and other contractual gains” within “Operating profit”);
- a \$23.9 million pre-tax charge (\$14.4 million after tax, or \$.09 per share) for severance costs;
- a \$15.3 million net pre-tax gain (\$9.4 million after tax, or \$.06 per share) from joint ventures consisting of (i) a \$30.1 million gain related to the sale of the remaining assets of Madison, (ii) an \$8.4 million loss reflecting our proportionate share of Madison’s settlement of pension obligations, and (iii) a \$6.4 million loss from the sale of our 49% equity interest in Donahue Malbaie Inc. (“Malbaie”), a Canadian newsprint company;
- a \$10.1 million pre-tax charge (\$6.1 million after tax, or \$.04 per share) in connection with the redesign and consolidation of space in our headquarters building; and
- \$1.5 million of pre-tax expenses (\$0.9 million after tax, or \$.01 per share) for non-operating retirement costs;

2016

The items below had a net unfavorable effect on our Income from continuing operations of \$60.2 million, or \$.37 per share:

- a \$37.5 million pre-tax loss (\$22.8 million after tax, or \$.14 per share) from joint ventures related to the announced closure of the paper mill operated by Madison;
- a \$21.3 million pre-tax pension settlement charge (\$12.8 million after tax, or \$.08 per share) in connection with lump-sum payments made under an immediate pension benefits offer to certain former employees (in connection with the adoption of ASU 2017-07 this amount was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);
- an \$18.8 million pre-tax charge (\$11.3 million after tax, or \$.07 per share) for severance costs;
- a \$16.5 million pre-tax charge (\$9.8 million after tax, or \$.06 per share) in connection with the streamlining of the Company’s international print operations (primarily consisting of severance costs), (in connection with the adoption of ASU 2017-07, \$1.7 million related to a gain from the pension curtailment previously included with this special item was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);
- a \$6.7 million pre-tax charge (\$4.0 million after tax or \$.02 per share) for a partial withdrawal obligation under a multiemployer pension plan following an unfavorable arbitration decision;
- a \$5.5 million of pre-tax expenses (\$3.3 million after tax, or \$.02 per share) for non-operating retirement costs; and
- a \$3.8 million income tax benefit (\$.02 per share) primarily due to a reduction in the Company’s reserve for uncertain tax positions.

2015

The items below had a net unfavorable effect on our Income from continuing operations of \$47.3 million, or \$.28 per share:

- a \$40.3 million pre-tax pension settlement charge (\$24.0 million after tax, or \$.14 per share) in connection with lump-sum payments made under an immediate pension benefits offer to certain former employees;
- \$22.9 million of pre-tax expenses (\$13.7 million after tax, or \$.08 per share) for non-operating retirement costs;
- a \$9.1 million pre-tax charge (\$5.4 million after tax, or \$.03 per share) for partial withdrawal obligations under multiemployer pension plans; and
- a \$7.0 million pre-tax charge (\$4.2 million after tax, or \$.03 per share) for severance costs.

2014

The items below had a net unfavorable effect on our Income from continuing operations of \$29.7 million, or \$.19 per share:

- \$27.5 million of pre-tax expenses (\$16.3 million after tax, or \$.10 per share) for non-operating retirement costs;
- a \$36.1 million pre-tax charge (\$21.4 million after tax, or \$.13 per share) for severance costs;
- a \$21.1 million income tax benefit (\$.13 per share) primarily due to reductions in the Company's reserve for uncertain tax positions;
- a \$9.5 million pre-tax pension settlement charge (\$5.7 million after tax, or \$.04 per share) in connection with lump-sum payments made under an immediate pension benefits offer to certain former employees;
- a \$9.2 million pre-tax charge (\$5.9 million after tax or \$.04 per share) for an impairment related to the Company's investment in a joint venture; and
- a \$2.6 million pre-tax charge (\$1.5 million after tax, or \$.01 per share) for the early termination of a distribution agreement.

The following table reconciles other components of net periodic benefit costs, to the comparable non-GAAP metric, non-operating retirement costs:

(In thousands)	Years Ended				
	December 30, 2018 (52 Weeks)	December 31, 2017 (53 Weeks)	December 25, 2016 (52 Weeks)	December 27, 2015 (52 Weeks)	December 28, 2014 (52 Weeks)
Other components of net periodic benefit costs:	8,274	64,225	11,074	47,735	23,796
Add: Multiemployer pension plan withdrawal costs	7,002	6,599	14,001	15,537	13,282
Less: Special Items					
Pension settlement expense	—	102,109	21,294	40,329	9,525
Postretirement benefit plan settlement gain	—	(32,737)) —	—	—
Pension curtailment gain	—	—	(1,683)) —	—
Non-operating retirement costs	15,276	1,452	5,464	22,943	27,553

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information that management believes is relevant to an assessment and understanding of our consolidated financial condition as of December 30, 2018, and results of operations for the three years ended December 30, 2018. This item should be read in conjunction with our Consolidated Financial Statements and the related Notes included in this Annual Report.

EXECUTIVE OVERVIEW

We are a global media organization that includes newspapers, print and digital products and related businesses. We have one reportable segment with businesses that include our newspaper, websites and mobile applications. We generate revenues principally from subscriptions and advertising. Other revenues primarily consist of revenues from licensing, affiliate referrals, building rental revenue, commercial printing, NYT Live (our live events business) and retail 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."

As a result of the adoption of the ASU 2017-07 during the first quarter of 2018, the Company has recast the Consolidated Statement of Operations for periods prior to 2018 to conform with the current period presentation. Fiscal year 2017 comprised 53 weeks, while all other fiscal years presented in this Item 7 comprised 52 weeks. This report includes a discussion of the estimated impact of this additional week in 2017 on our year-over-year comparison of revenues where meaningful. Management believes that estimating the impact of the additional week on the Company's operating costs and operating profit presents challenges and, therefore, no such estimate is made with respect to these items. For further detail on the impact of the additional week on our results, see the discussion below and "— Results of Operations-Non-GAAP Financial Measures."

2018 Financial Highlights

In 2018, diluted earnings per share from continuing operations were \$0.75, compared with \$0.03 for 2017. 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 \$0.81 for 2018, compared with \$0.76 for 2017.

Operating profit in 2018 was \$190.2 million, compared with \$176.6 million for 2017. The increase was mainly driven by higher digital subscription revenues, other revenues and digital advertising revenues, partially offset by lower print advertising revenues and higher operating costs. Operating profit before depreciation, amortization, severance, multiemployer pension plan withdrawal costs and special items discussed below (or "adjusted operating profit," a non-GAAP measure) was \$262.6 million and \$274.8 million for 2018 and 2017, respectively.

Total revenues increased 4.4% to \$1.75 billion in 2018 from \$1.68 billion in 2017 primarily driven by an increase in digital subscription revenue as well as increases in other revenues and digital advertising revenue, partially offset by a decrease in print advertising revenue and print subscription revenue. Total digital revenues increased to approximately \$709 million in 2018 compared with \$620 million in 2017. Excluding the impact of the additional week in 2017, estimated total revenues increased 6.2%, driven by the same factors identified above.

Subscription revenues increased 3.4% to \$1.04 billion in 2018 compared with \$1.01 billion in 2017, primarily due to growth in the number of subscriptions to the Company's digital-only products. Revenue from the Company's digital-only subscription products (which include our news product, as well as our Crossword and Cooking products) increased 17.7% compared with 2017, to \$400.6 million. Excluding the impact of the additional week in

2017, estimated subscription revenues and digital-only subscription revenues increased 5.3% and 20.2%, respectively, driven by the same factors identified above.

Paid digital-only subscriptions totaled approximately 3,360,000 as of December 30, 2018, a 27.1% increase compared with year-end 2017. News product subscriptions totaled approximately 2,713,000 at the end of 2018, a 21.6% increase compared with 2017. Other product subscriptions, which include subscriptions to our Crossword product and Cooking product, totaled approximately 647,000 at the end of 2018, a 56.7% increase compared with 2017.

Total advertising revenues remained flat at \$558.3 million in 2018 compared with 2017, reflecting a 6.5% decrease in print advertising revenues, offset by an 8.6% increase in digital advertising revenues. The decrease in print advertising revenues resulted from a continued decline in display advertising, primarily in the luxury and entertainment categories. The increase in digital advertising revenues primarily reflected increases in revenue from both direct-sold advertising and creative services, partially offset by a decrease in revenue from programmatic advertising. Print and digital advertising revenues in 2017 also benefited from an extra week in the fiscal year. Excluding the impact of the additional week in 2017, estimated advertising revenues increased 1.7%, driven by the same factors identified above. Other revenues increased 36.0% to \$147.8 million in 2018 compared with \$108.7 million in 2017, largely due to growth in our commercial printing operations, affiliate referral revenue associated with the product review and recommendation website, Wirecutter, and revenue from the rental of five and a half additional floors in our New York headquarters building. Digital other revenues totaled \$49.5 million in 2018, an 18.8% increase compared with 2017, driven primarily by affiliate referral revenue associated with Wirecutter. Excluding the impact of the additional week in 2017, estimated other revenues increased 36.7%, driven by the same factors identified above.

Operating costs increased in 2018 to \$1.56 billion from \$1.49 billion in 2017, driven by higher marketing expenses incurred to promote our brand and products and grow our subscriber base, labor and raw material costs related to our commercial printing operations, and costs related to our advertising business, partially offset by lower print production and distribution costs related to our newspaper. Operating costs before depreciation, amortization, severance and multiemployer pension plan withdrawal costs (or “adjusted operating costs,” a non-GAAP measure) increased in 2018 to \$1.49 billion from \$1.40 billion in 2017.

Business Environment

We believe that a number of factors and industry trends have had, and will continue to have, an adverse effect on our business and prospects. These include the following:

Competition in our industry

We operate in a highly competitive environment. Our print and digital products compete for subscription and advertising revenue with both traditional and other content providers, as well as search engines and social media platforms. Competition among companies offering online content is intense, and new competitors can quickly emerge. Some of our current and potential competitors may have greater resources than we do, which may allow them to compete more effectively than us.

Our ability to compete effectively depends on, among other things, our ability to continue delivering high-quality journalism and content that is interesting and relevant to our audience; the popularity, ease of use and performance of our products compared to those of our competitors; the engagement of our current users with our products, and our ability to reach new users; our ability to develop, maintain and monetize our products, and the pricing of our products; our marketing and selling efforts; the visibility of our content and products compared with that of our competitors; our ability to provide marketers with a compelling return on their investments; our ability to attract, retain and motivate talented employees, including journalists and product and technology specialists; our ability to manage and grow our business in a cost-effective manner; and our reputation and brand strength compared with those of our competitors.

Evolving subscription model

Subscription revenue is a significant source of revenue for us and an increasingly important driver as the overall composition of our revenues has shifted in response to our “subscription-first” strategy and transformations in our industry. The largest portion of our subscription revenue is currently from our print newspaper, where we have experienced declining circulation volume in recent years. This is due to, among other factors, increased competition

from digital media formats (which are often free to users), higher print subscription and single-copy prices and a growing preference among some consumers to receive their news from sources other than a print newspaper. Advances in technology have led to an increased number of methods for the delivery and consumption of news and other content. These developments are also driving changes in the preferences and expectations of consumers as they seek more control over how they consume content. Our ability to retain and grow our digital subscriber base depends on, among other things, our ability to evolve our subscription model, address changing consumer demands and developments in technology and improve our digital product offering while continuing to deliver high-quality journalism and content that is interesting and relevant to readers. Retention and growth of our digital subscriber base also depends on the engagement of users with our products, including the frequency, breadth and depth of their use.

Advertising market dynamics

We derive substantial revenue from the sale of advertising in our products. In determining whether to buy advertising, our advertisers consider the demand for our products, demographics of our reader base, advertising rates, results observed by advertisers, breadth of advertising offerings and alternative advertising options.

During 2018, the Company, along with others in the industry, continued to experience significant pressure on print advertising revenue. Although print advertising revenue represented a majority of our total advertising revenue in 2018, the overall proportion continues to decline. The increased popularity of digital media among consumers, particularly as a source for news and other content, has driven a corresponding shift in demand from print advertising to digital advertising. However, our digital advertising revenue has not replaced, and may not replace in full, print advertising revenue lost as a result of the shift.

The digital advertising market continues to undergo significant changes. The increasing number of digital media options available, including through social media platforms and news aggregators, has resulted in audience fragmentation and increased competition for advertising. Competition from digital content providers and platforms, some of which charge lower rates than we do or have greater audience reach and targeting capabilities, and the significant increase in inventory of digital advertising space, have affected and will likely continue to affect our ability to attract and retain advertisers and to maintain or increase our advertising rates. In recent years, large digital platforms, such as Facebook, Google and Amazon, which have greater audience reach and targeting capabilities than we do, have commanded an increased share of the digital display advertising market, and we anticipate that this trend will continue. In addition, digital advertising networks and exchanges, real-time bidding and other programmatic buying channels that allow advertisers to buy audiences at scale are playing a more significant role in the advertising marketplace and may cause further downward pricing pressure.

The character of our digital advertising business also continues to change, as demand for newer forms of advertising, such as branded content and other customized advertising increases. The margin on revenues from some of these advertising forms is generally lower than the margin on revenues we generate from our print advertising and traditional digital display advertising. Consequently, we may experience further downward pressure on our advertising revenue margins as a greater percentage of advertising revenues comes from these newer forms.

In addition, technologies have been and will continue to be developed that enable consumers to block digital advertising on websites and mobile devices. Advertisements blocked by these technologies are treated as not delivered and any revenue we would otherwise receive from the advertiser for that advertisement is lost.

As the digital advertising market continues to evolve, our ability to compete successfully for advertising budgets will depend on, among other things, our ability to engage and grow our audience and prove the value of our advertising and the effectiveness of our platforms to advertisers.

Economic conditions

Global, national and local economic conditions affect various aspects of our business. Our subscription revenue is sensitive to discretionary spending available to subscribers in the markets we serve, and to the extent poor economic conditions lead consumers to reduce spending on discretionary activities, our ability to retain current subscribers and obtain new subscribers could be hindered.

In addition, the level of advertising sales in any period may be affected by advertisers' decisions to increase or decrease their advertising expenditures in response to anticipated consumer demand and general economic conditions. Changes in spending patterns and priorities, including shifts in marketing strategies and/or budget cuts of key advertisers in response to economic conditions could have an effect on our advertising revenues.

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Fixed costs

A significant portion of our expenses are fixed costs that neither increase nor decrease proportionately with revenues. We are limited in our ability to make short-term adjustments to manage some of these costs by certain of our collective bargaining agreements. Employee-related costs, depreciation, amortization and raw materials together accounted for nearly half of our total operating costs in 2018.

For a discussion of these and other factors that could affect our business, results of operations and financial condition, see “Item 1A — Risk Factors.”

Our Strategy

We continue to operate during a period of transformation in our industry, which has presented both challenges to and opportunities for the Company. We believe that the following priorities will be key to our strategic efforts.

Providing journalism worth paying for

We believe that The Times’s original and high-quality content and journalistic excellence set us apart from other news organizations, and that our readers are willing to pay for trustworthy, insightful and differentiated content.

During 2018, The Times again broke stories and produced investigative reports that sparked global conversations on wide-ranging topics. Our ground-breaking journalism continues to be recognized, most notably in the number of Pulitzer prizes The Times has received — more than any other news organization. In addition, we have continued to make significant investments in our newsroom, adding journalistic talent across a wide range of areas — from our business coverage to our opinion pages — and investing in new forms of visual and multimedia journalism. Our highly popular news podcast, The Daily, which we launched in 2017, was the most downloaded podcast on Apple’s iTunes in 2018. And during the year, we announced the development of a new TV show called The Weekly that will launch in 2019 and provide a new platform through which to deliver our journalism.

We believe that the continued growth over the last year in subscriptions to our products demonstrates the success of our “subscription-first” strategy and the willingness of our readers to pay for high-quality journalism. As of December 30, 2018, we had approximately 4.3 million total subscriptions to our products, more than at any point in our history. In 2019, we expect to continue to make significant investments in our journalism and remain committed to providing high-quality, trustworthy and differentiated content that we believe sets us apart.

Growing our audience and strengthening engagement to support subscription growth

We continue to focus on expanding our audience reach and strengthening the engagement of users by making The Times an indispensable part of their daily lives. And we continue to communicate the value of independent, high-quality journalism and why it matters.

During 2018, we continued to enhance our core news product to improve user experience and engagement, and took further steps to build direct relationships with users to support continued subscription growth. We also invested in brand marketing initiatives to reinforce the importance of deeply-reported independent journalism and the value of The Times brand.

During the year, we also continued to make enhancements to our lifestyle products and services, including our Crossword and Cooking products and Wirecutter. And we continued our efforts to grow and engage our audience around the world, investing in, among other things, opportunities to reach more readers in the United Kingdom and Australia. In addition, we continued to experiment with reaching new readers on third-party platforms, while remaining focused on building direct relationships with readers on our own platforms.

Looking ahead, we will explore additional opportunities to grow and engage our audience, further innovate our products and invest in brand marketing initiatives, while remaining committed to creating high-quality content that sets The Times apart.

Growing our long-term profitability

We are focused on becoming a more effective and efficient organization and have taken and continue to take a number of steps to maximize the long-term profitability of the Company.

In addition to growing our digital subscription revenue, we remain committed to growing our digital advertising revenue by developing innovative and compelling advertising offerings that integrate well with the user experience and provide value to advertisers. We believe we have a powerful brand that, because of the quality of our journalism, attracts educated, affluent and influential audiences, and provides a safe and trusted platform for advertisers' brands.

We will continue to focus on leveraging our brand in developing and refining our advertising offerings.

We are also focused on maximizing the efficiency and profitability of our print products and services, which remains a significant part of our business.

In recent years, we have taken steps to realign our organizational structure to accelerate our digital transformation, and we continue to optimize our product, technology and data systems, and enterprise platforms to improve the speed with which we are able to achieve our goals.

Looking ahead, we will continue to focus on optimizing our organizational and cost structure to support long-term profitable growth.

Effectively managing our liquidity and our non-operating costs

We have continued to strengthen our liquidity position and further de-leverage and de-risk our balance sheet. As of December 30, 2018, the Company had cash and cash equivalents and marketable securities of approximately \$826 million, which exceeded our total debt and capital lease obligations by approximately \$573 million. 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 12 months.

In March 2009, we entered into an agreement to sell and simultaneously lease back the Condo Interest in our headquarters building. The sale price for the Condo Interest was \$225.0 million less transaction costs, for net proceeds of approximately \$211 million. We have an option, exercisable in the fourth quarter of 2019, to repurchase the Condo Interest for \$250.0 million, and we have provided notice of our intent to exercise this option. We believe exercising this option is in the best interest of the Company given that the market value of the Condo Interest exceeds the exercise price.

In addition, we remain focused on managing our pension plan obligations. Our qualified pension plans were underfunded (meaning the present value of future benefits obligations exceeded the fair value of plan assets) as of December 30, 2018, by approximately \$81 million, compared with approximately \$69 million as of December 31, 2017. We made contributions of approximately \$8 million to certain qualified pension plans in 2018, compared with approximately \$128 million, including discretionary contributions of \$120 million, in 2017. We expect contributions made in 2019 to satisfy minimum funding requirements to total approximately \$9 million.

We have taken steps over the last several years to reduce the size and volatility of our pension obligations, including freezing accruals under all but one of our qualified defined benefit pension plans, which cover both our non-union employees and those covered by certain collective bargaining agreements, and making immediate pension benefits offers in the form of lump-sum payments to certain former employees. During 2017, we entered into agreements to transfer certain future benefit obligations and administrative costs to insurers, which allowed us to reduce our overall qualified pension plan obligations by approximately \$263 million. See Note 10 of the Notes to the Consolidated Financial Statements for additional information on these actions. We will continue to look for ways to reduce the size and volatility of our pension obligations.

While we have made significant progress in our liability-driven investment strategy to reduce the funding volatility of our qualified pension plans, the size of our pension plan obligations relative to the size of our current operations will continue to have a significant impact on our reported financial results. We expect to continue to experience volatility in our retirement-related costs, including pension, multiemployer pension and retiree medical costs.

RESULTS OF OPERATIONS

Overview

Fiscal years 2018 and 2016 each comprised 52 weeks and fiscal year 2017 comprised 53 weeks. The following table presents our consolidated financial results:

(In thousands)	Years Ended			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016
Revenues					
Subscription	\$1,042,571	\$1,008,431	\$880,543	3.4	14.5
Advertising	558,253	558,513	580,732	*	(3.8)
Other	147,774	108,695	94,067	36.0	15.6
Total revenues	1,748,598	1,675,639	1,555,342	4.4	7.7
Operating costs					
Production costs:					
Wages and benefits	380,678	363,686	364,302	4.7	(0.2)
Raw materials	76,542	66,304	72,325	15.4	(8.3)
Other production costs	196,956	186,352	192,728	5.7	(3.3)
Total production costs	654,176	616,342	629,355	6.1	(2.1)
Selling, general and administrative costs	845,591	815,065	728,338	3.7	11.9
Depreciation and amortization	59,011	61,871	61,723	(4.6)	0.2
Total operating costs ⁽¹⁾	1,558,778	1,493,278	1,419,416	4.4	5.2
Headquarters redesign and consolidation	4,504	10,090	—	(55.4)	*
Restructuring charge	—	—	16,518	*	*
Multiemployer pension and other contractual (gain)/loss ⁽¹⁾	(4,851)	(4,320)	6,730	12.3	*
Operating profit ⁽¹⁾	190,167	176,591	112,678	7.7	56.7
Other components of net periodic benefit costs ⁽¹⁾	8,274	64,225	11,074	(87.1)	*
Gain/(loss) from joint ventures	10,764	18,641	(36,273)	(42.3)	*
Interest expense and other, net	16,566	19,783	34,805	(16.3)	(43.2)
Income from continuing operations before income taxes	176,091	111,224	30,526	58.3	*
Income tax expense	48,631	103,956	4,421	(53.2)	*
Income from continuing operations	127,460	7,268	26,105	*	(72.2)
Loss from discontinued operations, net of income taxes	—	(431)	(2,273)	*	(81.0)
Net income	127,460	6,837	23,832	*	(71.3)
Net (income)/loss attributable to the noncontrolling interest	(1,776)	(2,541)	5,236	(30.1)	*
Net income attributable to The New York Times Company common stockholders	\$125,684	\$4,296	\$29,068	*	(85.2)

* Represents a change equal to or in excess of 100% or one that is not meaningful.

⁽¹⁾ As a result of the adoption of ASU 2017-07 during the first quarter of 2018, the service cost component of net periodic benefit costs/(income) from our pension and other postretirement benefits plans will continue to be presented within operating costs, while the other components of net periodic benefits costs/(income) such as interest cost, amortization of prior service credit and gains or losses from our pension and other postretirement benefits plans will be separately presented outside of “Operating costs” in the new line item “Other components of net periodic benefits costs/(income)”. The Company has recast the Consolidated Statement of Operations for the respective prior periods presented to conform with the current period presentation. Costs associated with multiemployer pension plans were not addressed in ASU 2017-07, and continue to be included in operating costs,

except as separately disclosed.

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Revenues

Subscription, advertising and other revenues were as follows:

(In thousands)	Years Ended			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016
Subscription	\$ 1,042,571	\$ 1,008,431	\$ 880,543	3.4	14.5
Advertising	558,253	558,513	580,732	—	(3.8)
Other	147,774	108,695	94,067	36.0	15.6
Total	\$ 1,748,598	\$ 1,675,639	\$ 1,555,342	4.4	7.7

Subscription Revenues

Subscription revenues consist of revenues from subscriptions to our print and digital products (which include our news product, as well as our Crossword and Cooking products), and single-copy and bulk sales of our print products (which represent less than 10% of these revenues). Our Cooking product first launched as a paid digital product in the third quarter of 2017. Subscription revenues are based on both the number of copies of the printed newspaper sold and digital-only subscriptions, and the rates charged to the respective customers.

The following table summarizes digital-only subscription revenues for the years ended December 30, 2018, December 31, 2017, and December 25, 2016:

(In thousands)	Years Ended			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016

Digital-only subscription revenues:

News product subscription revenues ⁽¹⁾	\$ 378,484	\$ 325,956	\$ 223,459	16.1	45.9
Other product subscription revenues ⁽²⁾	22,136	14,387	9,369	53.9	53.6
Total digital-only subscription revenues	\$ 400,620	\$ 340,343	\$ 232,828	17.7	46.2

⁽¹⁾ Includes revenues from subscriptions to the Company's news product. News product subscription packages that include access to the Company's Crossword and Cooking products are also included in this category.

⁽²⁾ Includes revenues from standalone subscriptions to the Company's Crossword and Cooking products.

The following table summarizes digital-only subscriptions as of December 30, 2018, December 31, 2017, and December 25, 2016:

(In thousands)	As of			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016

Digital-only subscriptions:

News product subscriptions ⁽¹⁾	2,713	2,231	1,618	21.6	37.9
Other product subscriptions ⁽²⁾	647	413	247	56.7	67.2
Total digital-only subscriptions	3,360	2,644	1,865	27.1	41.8

⁽¹⁾ Includes subscriptions to the Company's news product. News product subscription packages that include access to the Company's Crossword and Cooking products are also included in this category.

⁽²⁾ Includes standalone subscriptions to the Company's Crossword and Cooking products.

2018 Compared with 2017

Subscription revenues increased 3.4% in 2018 compared with 2017. The increase was primarily driven by significant growth in the number of digital-only subscriptions, which led to digital-only subscription revenue growth of approximately 18%, partially offset by a decline in print subscription revenue of approximately 4%. Print subscription revenue decreased due to a decline of approximately 6% in home-delivery subscriptions and a decrease of approximately 7% in single-copy and bulk sales revenue, partially offset by an increase of approximately 6% in home-delivery prices for The New York Times newspaper. Excluding the impact of the additional week in 2017, estimated subscription revenues and digital-only subscription revenues increased 5.3% and 20.2%, respectively, driven by the same factors identified above.

2017 Compared with 2016

Subscription revenues increased 14.5% in 2017 compared with 2016. The increase was primarily driven by significant growth in the number of digital-only subscriptions, which led to digital-only subscription revenue growth of approximately 46%, as well as an increase of approximately 7% in home-delivery prices for The New York Times newspaper, which more than offset a decline of approximately 1% in home-delivery subscriptions. Excluding the impact of the additional week in 2017, estimated subscription revenues and digital-only subscription revenues increased 12.4% and 43.1%, respectively, driven by the same factors identified above.

Advertising Revenues

Advertising revenues are derived from the sale of our advertising products and services on our print and digital 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 digital platforms in the form of banners, video, rich media and other interactive ads. Display advertising also includes branded content on The Times's platforms. Other advertising primarily represents, for our print products, classified advertising revenue, including line-ads sold in the major categories of real estate, help wanted, automotive and other as well as revenue from preprinted advertising, also known as free-standing inserts. Digital other advertising revenue primarily includes creative services fees associated with, among other things, our digital marketing agencies and our branded content studio; advertising revenue from our podcasts; and advertising revenue generated by Wirecutter, our product review and recommendation website.

2018 Compared with 2017

	Years Ended								
	December 30, 2018 (52 weeks)			December 31, 2017 (53 weeks)			% Change		
(In thousands)	Print	Digital	Total	Print	Digital	Total	Print	Digital	Total
Display	\$269,160	\$202,038	\$471,198	\$285,679	\$198,658	\$484,337	(5.8)%	1.7 %	(2.7)%
Other	30,220	56,835	87,055	34,543	39,633	74,176	(12.5)%	43.4 %	17.4 %
Total advertising	\$299,380	\$258,873	\$558,253	\$320,222	\$238,291	\$558,513	(6.5)%	8.6 %	— %

Print advertising revenues, which represented 54% of total advertising revenues in 2018, declined 6.5% to \$299.4 million in 2018 compared with \$320.2 million in 2017. The decrease was driven by a continued decline in display advertising revenue, primarily in the luxury and entertainment categories, as well as a decline in classified advertising revenue, primarily in the real estate category. Excluding the impact of the additional week in 2017, estimated print advertising revenues declined 5.3%, driven by the same factors identified above.

Digital advertising revenues, which represented 46% of total advertising revenues in 2018, increased 8.6% to \$258.9 million in 2018 compared with \$238.3 million in 2017. The increase primarily reflected increases in revenue from both direct-sold advertising and creative services, partially offset by a decrease in revenue from programmatic advertising. Excluding the impact of the additional week in 2017, estimated digital advertising revenues increased 11.3%, driven by the same factors identified above.

2017 Compared with 2016

(In thousands)	Years Ended			December 25, 2016			% Change		
	December 31, 2017			(52 weeks)			Print	Digital	Total
	Print	Digital	Total	Print	Digital	Total			
Display	\$285,679	\$198,658	\$484,337	\$335,652	\$181,545	\$517,197	(14.9)%	9.4 %	(6.4)%
Other	34,543	39,633	74,176	36,328	27,207	63,535	(4.9)%	45.7 %	16.7 %
Total advertising	\$320,222	\$238,291	\$558,513	\$371,980	\$208,752	\$580,732	(13.9)%	14.2 %	(3.8)%

Print advertising revenues, which represented 57% of total advertising revenues in 2017, declined 13.9% to \$320.2 million in 2017 compared with \$372.0 million in 2016. The decrease was driven by a continued decline in display advertising revenue, primarily in the luxury, travel and real estate categories. Excluding the impact of the additional week in 2017, estimated print advertising revenues declined 15.0%, driven by the same factors identified above.

Digital advertising revenues, which represented 43% of total advertising revenues in 2017, increased 14.2% to \$238.3 million in 2017 compared with \$208.8 million in 2016. The increase primarily reflected increases in display advertising revenue from mobile advertising and branded content, as well as an increase in other advertising revenue, primarily associated with growth in creative services fees. This was partially offset by a continued decline in traditional website display advertising. Excluding the impact of the additional week in 2017, estimated digital advertising revenues increased 11.5%, driven by the same factors identified above.

Other Revenues

Other revenues primarily consist of revenues from licensing, affiliate referrals, building rental revenue, commercial printing, NYT Live (our live events business) and retail commerce. Digital other revenues consists primarily of digital archive licensing and affiliate referral revenue. Building rental revenue consists of revenue from the lease of floors in our New York headquarters building, which totaled \$23.3 million, \$16.7 million and \$17.1 million in 2018, 2017 and 2016, respectively.

2018 Compared with 2017

Other revenues increased 36.0% in 2018 compared with 2017 largely due to growth in our commercial printing operations, affiliate referral revenue associated with our product review and recommendation website, Wirecutter, and higher rental revenue from the lease of additional space in our New York headquarters building. Digital other revenues totaled \$49.5 million in 2018, an 18.8% increase compared with 2017, driven primarily by affiliate referral revenue associated with Wirecutter. Excluding the impact of the additional week in 2017, estimated other revenues increased 36.7%, driven by the same factors identified above.

2017 Compared with 2016

Other revenues increased 15.6% in 2017 compared with 2016 largely due to affiliate referral revenue associated with Wirecutter, which the Company acquired in October 2016. Digital other revenues totaled \$41.7 million in 2017, a 83.7% increase compared with 2016, driven primarily by affiliate referral revenue associated with Wirecutter. Excluding the impact of the additional week in 2017, estimated other revenues increased 14.9%, driven by the same factor identified above.

Operating Costs

Operating costs were as follows:

(In thousands)	Years Ended			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016
Production costs:					
Wages and benefits	\$380,678	\$363,686	\$364,302	4.7	(0.2)
Raw materials	76,542	66,304	72,325	15.4	(8.3)
Other production costs	196,956	186,352	192,728	5.7	(3.3)
Total production costs	654,176	616,342	629,355	6.1	(2.1)
Selling, general and administrative costs	845,591	815,065	728,338	3.7	11.9
Depreciation and amortization	59,011	61,871	61,723	(4.6)) 0.2
Total operating costs	\$1,558,778	\$1,493,278	\$1,419,416	4.4	5.2

The components of operating costs as a percentage of total operating costs were as follows:

Components of operating costs as a percentage of total operating costs	Years Ended		
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)
Wages and benefits	44	% 46	% 45
Raw materials	5	% 4	% 5
Other operating costs	47	% 46	% 46
Depreciation and amortization	4	% 4	% 4
Total	100	% 100	% 100

The components of operating costs as a percentage of total revenues were as follows:

Components of operating costs as a percentage of total revenues	Years Ended		
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)
Wages and benefits	40	% 40	% 41
Raw materials	4	% 4	% 5
Other operating costs	42	% 41	% 41
Depreciation and amortization	3	% 4	% 4
Total	89	% 89	% 91

Production Costs

Production costs include items such as labor costs, raw materials and machinery and equipment expenses related to news gathering and production activity, as well as costs related to producing branded content.

2018 Compared with 2017

Production costs increased in 2018 compared with 2017, primarily driven by increases in wages and benefits (approximately \$17 million), raw materials expense (approximately \$10 million) and outside services costs (approximately \$10 million). Wages and benefits increased primarily as a result of increased hiring to support the Company's initiatives. Raw materials expense increased due to increased commercial printing activity and higher newsprint prices. Outside services costs increased primarily due to higher costs associated with the generation of content in our newsroom.

2017 Compared with 2016

Production costs decreased in 2017 compared with 2016, primarily driven by a decrease in other production costs (approximately \$6 million) and raw materials expense (approximately \$6 million). Other production costs decreased primarily as a result of lower outside printing expenses (approximately \$5 million). Raw materials expense decreased primarily due to lower newsprint consumption (approximately \$6 million).

Selling, General and Administrative Costs

Selling, general and administrative costs include costs associated with the selling, marketing and distribution of products as well as administrative expenses.

2018 Compared with 2017

Selling, general and administrative costs increased in 2018 compared with 2017, primarily due to an increase in promotion and marketing costs (approximately \$46 million), partially offset by a decrease in outside services (approximately \$7 million) and distribution costs (approximately \$6 million). Promotion and marketing costs increased due to increased spending to promote our subscription business and brand. Outside services decreased primarily due to lower consulting fees, and distribution costs decreased as a result of fewer print copies produced.

2017 Compared with 2016

Selling, general and administrative costs increased in 2017 compared with 2016, primarily due to an increase in compensation costs (approximately \$47 million), promotion and marketing costs (approximately \$26 million) and severance costs (approximately \$5 million). Compensation costs increased primarily as a result of higher incentive compensation, increased hiring to support growth initiatives and higher benefit costs. Promotion and marketing costs increased due to increased spending related to promotion of our subscription business and brand. Severance costs increased due to a workforce reduction announced in the second quarter of 2017 primarily affecting the newsroom.

Depreciation and Amortization

2018 Compared with 2017

Depreciation and amortization costs decreased in 2018 compared with 2017 due to disposals of fixed assets in connection with our headquarters redesign and consolidation project.

2017 Compared with 2016

Depreciation and amortization costs were flat in 2017 compared with 2016.

Other Items

See Note 8 of the Notes to the Consolidated Financial Statements for more information regarding other items.

NON-OPERATING ITEMS

Investments in Joint Ventures

See Note 6 of the Notes to the Consolidated Financial Statements for information regarding our joint venture investments.

Interest Expense and Other, Net

See Note 7 of the Notes to the Consolidated Financial Statements for information regarding interest expense and other.

Income Taxes

See Note 13 of the Notes to the Consolidated Financial Statements for information regarding income taxes.

Discontinued Operations

See Note 14 of the Notes to the Consolidated Financial Statements for information regarding discontinued operations.

Other Components of Net Periodic Benefit Costs

See Note 10 and 11 of the Notes the Consolidated Financial Statements for information regarding other components of net periodic benefit costs.

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, multiemployer pension plan withdrawal costs and special items (or adjusted operating profit); and

• operating costs before depreciation, amortization, severance and multiemployer pension plan withdrawal costs (or adjusted operating costs).

The special items in 2018 consisted of:

• an \$11.3 million pre-tax gain (\$7.1 million or \$.04 per share after tax and net of noncontrolling interest) reflecting our proportionate share of a distribution from the sale of assets by Madison, in which the Company has an investment through a subsidiary;

• a \$4.9 million pre-tax gain (\$3.6 million after tax or \$.02 per share) from a multiemployer pension plan liability adjustment; and

• a \$4.5 million pre-tax charge (\$3.3 million after tax or \$.02 per share) in connection with the redesign and consolidation of space in our headquarters building.

The special items in 2017 consisted of:

• \$102.1 million of pre-tax pension settlement charges (\$61.5 million after tax, or \$.37 per share) in connection with the transfer of certain pension benefit obligations to insurers (in connection with the adoption of ASU 2017-07 this amount was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);

• a \$68.7 million charge (\$.42 per share) primarily attributable to the remeasurement of our net deferred tax assets required as a result of recent tax legislation;

• a \$37.1 million pre-tax gain (\$22.3 million after tax, or \$.14 per share) primarily in connection with the settlement of contractual funding obligations for a postretirement plan (in connection with the adoption of ASU 2017-07, \$32.7 million relating to the postretirement plan was reclassified to “Other components of net

periodic benefit costs” below Operating profit while the contractual gain of \$4.3 million remains in “Multiemployer pension and other contractual gains” within “Operating profit”);

- a \$15.3 million pre-tax net gain (\$7.8 million after tax and net of noncontrolling interest, or \$.05 per share) from joint ventures consisting of (i) a \$30.1 million gain related to the sale of the remaining assets of Madison, (ii) an \$8.4 million loss reflecting our proportionate share of Madison’s settlement of pension obligations, and (iii) a \$6.4 million loss from the sale of our 49% equity interest in Malbaie; and
- a \$10.1 million pre-tax charge (\$6.1 million after tax, or \$.04 per share) in connection with the redesign and consolidation of space in our headquarters building.

The special items in 2016 consisted of:

- a \$37.5 million pre-tax loss (\$17.7 million after tax and net of noncontrolling interest, or \$.11 per share) from joint ventures related to the announced closure of the paper mill operated by Madison;
- a \$21.3 million pre-tax pension settlement charge (\$12.8 million after tax, or \$.08 per share) in connection with lump-sum payments made under an immediate pension benefits offer to certain former employees (in connection with the adoption of ASU 2017-07 this amount was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);
- a \$16.5 million pre-tax charge (\$9.8 million after tax, or \$.06 per share) in connection with the streamlining of the Company’s international print operations (primarily consisting of severance costs); (in connection with the adoption of ASU 2017-07, \$1.7 million related to a gain from the pension curtailment previously included in this special item was reclassified to “Other components of net periodic benefit costs” below “Operating profit”);
- a \$6.7 million pre-tax charge (\$4.0 million after tax, or \$.02 per share) for a partial withdrawal obligation under a multiemployer pension plan following an unfavorable arbitration decision; and
- a \$3.8 million income tax benefit (\$.02 per share) primarily due to a reduction in the Company’s reserve for uncertain tax positions.

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.

In connection with the adoption of ASU 2017-07 in the first quarter of 2018, the Company modified its definitions of adjusted operating profit, adjusted operating costs and non-operating retirement costs in response to changes in the GAAP presentation of single employer pension and postretirement benefit costs. For comparability purposes, the Company has also presented each of its non-GAAP financial measures for the years ended 2017 and 2016, reflecting the recast of its financial statements for such periods to account for the adoption of ASU 2017-07 and the revised definitions of the non-GAAP financial measures for more details.

As a result of the adoption of ASU 2017-07 during the first quarter of 2018, all single employer pension and other postretirement benefit expenses with the exception of service cost were reclassified from operating costs to “Other components of net periodic benefit costs/(income).” See Note 2 of the Notes to the Consolidated Financial Statements for more information. In connection with the adoption of ASU 2017-07, the Company made the following changes to its non-GAAP financial measures in order to align them with the new GAAP presentation:

- revised the components of non-operating retirement costs to include amortization of prior service credit of single employer pension and other postretirement benefit expenses; and
- revised the definition of adjusted operating costs to exclude only multiemployer pension plan withdrawal costs (which historically have been and continue to be a component of non-operating retirement costs), rather than all non-operating retirement costs. As a result of the adoption of ASU 2017-07, non-operating retirement costs other than multiemployer pension plan withdrawal costs are now separately presented outside of operating costs and accordingly have no impact on operating profit and cost under GAAP, or adjusted

operating profit or adjusted operating costs. Multiemployer pension plan withdrawal costs remain in GAAP operating costs and therefore continue to be an adjustment to these non-GAAP measures.

Non-operating retirement costs include:

- interest cost, expected return on plan assets and amortization of actuarial gains and loss components and amortization of prior service credits of single employer pension expense;
- interest cost and amortization of actuarial gains and loss components and amortization of prior service credits of retirement medical expense; and
- all multiemployer pension plan withdrawal costs.

These non-operating retirement costs are primarily tied to financial market performance and changes in market interest rates and investment performance. Management considers non-operating retirement costs to be outside the performance of the business and believes that presenting adjusted diluted earnings per share from continuing operations excluding non-operating retirement costs and presenting adjusted operating results excluding multiemployer pension plan withdrawal costs, in addition to the Company's GAAP diluted earnings per share from continuing operations and GAAP operating results, provide increased transparency and a better understanding of the underlying trends in the Company's operating business performance.

Adjusted diluted earnings per share provides 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. Adjusted operating profit is useful in evaluating the ongoing performance of the Company's business 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 multiemployer pension plan withdrawal costs. 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.

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.

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)

	Years Ended			% Change	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016
Diluted earnings per share from continuing operations	\$0.75	\$ 0.03	\$ 0.19	*	(84.2 %)
Add:					
Severance	0.04	0.15	0.12	(73.3 %)	25.0 %
Non-operating retirement costs	0.09	0.01	0.03	*	(66.7 %)
Special items:					
Headquarters redesign and consolidation	0.03	0.06	—	(50.0 %)	*
Restructuring charge	—	—	0.10	*	*
Pension settlement charge	—	0.62	0.13	*	*
Postretirement benefit plan settlement gain, multiemployer and other contractual (gain)/loss	(0.03)	(0.23)	0.04	(87.0)%	*
(Gain)/loss in joint ventures, net of noncontrolling interest	(0.06)	(0.08)	0.18	(25.0 %)	*
Income tax expense of adjustments	(0.02)	(0.22)	(0.24)	(90.9)%	(8.3)%
Reduction in reserve for uncertain tax positions	—	—	(0.02)	*	*
Deferred tax asset remeasurement adjustment	—	0.42	—	*	*
Adjusted diluted earnings per share from continuing operations	\$0.81	\$ 0.76	\$ 0.53	6.6 %	43.4 %

* Represents a change equal to or in excess of 100% or one that is not meaningful.

(1) Revised to reflect recast of GAAP results to conform with current period presentation and the revised definition of non-operating retirement costs. See “—Impact of Modification of Non-GAAP Measures” for more detail.

(2) Amounts may not add due to rounding.

Reconciliation of operating profit before depreciation & amortization, severance, multiemployer pension plan withdrawal costs and special items (or adjusted operating profit)

(In thousands)	Years Ended			% Change		2017 vs. 2016	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016		
Operating profit	\$ 190,167	176,591	112,678	7.7	%	56.7	%
Add:							
Depreciation & amortization	59,011	61,871	61,723	(4.6	%)	0.2	%
Severance	6,736	23,949	18,829	(71.9	%)	27.2	%
Multiemployer pension plan withdrawal costs	7,002	6,599	14,001	6.1	%	(52.9)%
Special items:							
Headquarters redesign and consolidation	4,504	10,090	—	(55.4	%)	*	
Restructuring charge	—	—	16,518	*		*	
Multiemployer pension and other contractual (gain)/loss	(4,851) (4,320) 6,730	12.3	%	*	
Adjusted operating profit	\$ 262,569	\$ 274,780	\$ 230,479	(4.4	%)	19.2	%

* Represents a change equal to or in excess of 100% or one that is not meaningful.

(1) Revised to reflect recast of GAAP results to conform with current period presentation and the revised definition of non-operating retirement costs. See “—Impact of Modification of Non-GAAP Measures” for more detail.

Reconciliation of operating costs before depreciation & amortization, severance and multiemployer pension plan withdrawal costs (or adjusted operating costs)

(In thousands)	Years Ended			% Change		2017 vs. 2016	
	December 30, 2018 (52 weeks)	December 31, 2017 (53 weeks)	December 25, 2016 (52 weeks)	2018 vs. 2017	2017 vs. 2016		
Operating costs	\$ 1,558,778	\$ 1,493,278	\$ 1,419,416	4.4	%	5.2	%
Less:							
Depreciation & amortization	59,011	61,871	61,723	(4.6	%)	0.2	%
Severance	6,736	23,949	18,829	(71.9	%)	27.2	%
Multiemployer pension plan withdrawal costs	7,002	6,599	14,001	6.1	%	(52.9)%
Adjusted operating costs	\$ 1,486,029	\$ 1,400,859	\$ 1,324,863	6.1	%	5.7	%

* Represents a change equal to or in excess of 100% or one that is not meaningful.

(1) Revised to reflect recast of GAAP results to conform with current period presentation and the revised definition of non-operating retirement costs. See “—Impact of Modification of Non-GAAP Measures” for more detail.

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Reconciliation of revenues excluding the estimated impact of the additional week (in thousands)

	Twelve Months				
	2018	2017	Additional	2017	%
	(52 weeks)	As Reported	Week	Adjusted	Change
		(53 weeks)		(52 weeks)	
Subscription	\$1,042,571	\$1,008,431	\$(18,453)	\$989,978	5.3 %
Advertising	558,253	558,513	(9,821)	548,692	1.7 %
Other	147,774	108,695	(598)	108,097	36.7 %
Total revenues	\$1,748,598	\$1,675,639	\$(28,872)	\$1,646,767	6.2 %

	Twelve Months				
	2017	Additional	2017	2016	%
	As	Week	Adjusted		Change
	Reported			(52 weeks)	
	(53 weeks)		(52 weeks)	(52 weeks)	
Subscription	\$1,008,431	\$(18,453)	\$989,978	\$880,543	12.4 %
Advertising	558,513	(9,821)	548,692	580,732	(5.5) %
Other	108,695	(598)	108,097	94,067	14.9 %
Total revenues	\$1,675,639	\$(28,872)	\$1,646,767	\$1,555,342	5.9 %

	Twelve Months				
	2018	2017	Additional	2017	%
	(52 weeks)	As Reported	Week	Adjusted	Change
		(53 weeks)		(52 weeks)	
Print advertising revenue	\$299,380	\$320,222	\$(4,222)	\$316,000	(5.3) %
Digital advertising revenue	258,873	238,291	(5,599)	232,692	11.3 %
Total advertising revenue	\$558,253	\$558,513	\$(9,821)	\$548,692	1.7 %

	Twelve Months				
	2017	Additional	2017	2016	%
	As	Week	Adjusted		Change
	Reported			(52 weeks)	
	(53 weeks)		(52 weeks)	(52 weeks)	
Print advertising revenue	\$320,222	\$(4,222)	\$316,000	\$371,980	(15.0) %
Digital advertising revenue	238,291	(5,599)	232,692	208,752	11.5 %
Total advertising revenue	\$558,513	\$(9,821)	\$548,692	\$580,732	(5.5) %

	Twelve Months				
	2018	2017	Additional	2017	%
	(52 weeks)	As	Week	Adjusted	Change
	weeks)	Reported		(52 weeks)	
	(52 weeks)	(53 weeks)		(52 weeks)	
Total digital-only subscription revenues	\$400,620	\$340,343	\$(7,056)	\$333,287	20.2 %

	Twelve Months				
	2017	Additional	2017	2016	%
	As	Week	Adjusted		Change

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	Reported				
	(53		(52	(52	
	weeks)		weeks)	weeks)	
Total digital-only subscription revenues	\$340,343	\$(7,056)	\$333,287	\$232,828	43.1 %

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Impact of Modification of Non-GAAP Measures

In connection with the adoption of ASU 2017-07 in the first quarter of 2018, the Company modified its definitions of adjusted operating profit, adjusted operating costs and non-operating retirement costs in response to changes in the GAAP presentation of single employer pension and postretirement benefit costs. For comparability purposes, the Company has presented its non-GAAP financial measures for the first twelve months of 2017 and 2016, reflecting the recast of its financial statements for such periods to account for the adoption of ASU 2017-07 and the revised definitions of the non-GAAP financial measures. The following tables show the adjustments to the previously presented metrics.

Adjustments made to the reconciliation of diluted earnings per share from continuing operations to adjusted diluted earnings per share from continuing operations

	Twelve Months 2017			Twelve Months 2016		
	Previous Reported	Adjustment	2017 Recast	Previous Reported	Adjustment	2016 Recast
Diluted earnings per share from continuing operations	\$0.03	\$ —	\$0.03	\$0.19	\$ —	0.19
Add:						
Severance	0.15	—	0.15	0.12	—	0.12
Non-operating retirement costs	0.07	(0.06)	0.01	0.10	(0.07)	0.03
Special items:						
Headquarters redesign and consolidation	0.06	—	0.06	—	—	—
Restructuring charge	—	—	—	0.09	0.01	0.10
Pension settlement expense	0.62	—	0.62	0.13	—	0.13
Postretirement benefit plan settlement gain, multiemployer and other contractual (gain)/loss	(0.23)	—	(0.23)	0.04	—	0.04
(Gain)/loss in joint ventures, net of noncontrolling interest	(0.08)	—	(0.08)	0.18	—	0.18
Income tax expense of adjustments	(0.24)	0.02	(0.22)	(0.26)	0.02	0.24
Reduction in uncertain tax positions	—	—	—	(0.02)	—	0.02
Deferred tax asset remeasurement adjustment	0.42	—	0.42	—	—	—
Adjusted diluted earnings per share from continuing operations ⁽²⁾	\$0.80	\$ (0.04)	\$0.76	\$0.57	\$ (0.04)	0.53

⁽¹⁾ Reflects the inclusion of amortization of prior service credits in the definition of non-operating retirement costs.

⁽²⁾ Amounts may not add due to rounding.

Adjustments made to the reconciliation of operating profit to adjusted operating profit

(In thousands)	Twelve Months 2017			Twelve Months 2016		
	Previously Reported	Adjustment	2017 Recast	Previously Reported	Adjustment	2016 Recast
Operating profit	\$112,366	\$ 64,225	⁽¹⁾ \$176,591	\$101,604	\$ 11,074	⁽¹⁾ \$112,678
Add:						
Depreciation & amortization	61,871	—	61,871	61,723	—	61,723
Severance	23,949	—	23,949	18,829	—	18,829
Non-operating retirement costs	11,152	(11,152)	⁽²⁾ —	15,880	(15,880)	⁽²⁾ —
Multiemployer pension plan withdrawal costs (excluding special items)	—	6,599	⁽²⁾ 6,599	—	14,001	⁽²⁾ 14,001
Special items:						
Headquarters redesign and consolidation	10,090	—	10,090	—	—	—
Restructuring charge	—	—	*	14,804	1,714	16,518
Multiemployer pension and other contractual (gain)/loss	(37,057)) 32,737	⁽¹⁾ (4,320)) 6,730	—	6,730
Pension settlement expense	102,109	(102,109)	⁽¹⁾ —	21,294	(21,294)	⁽¹⁾ —
Adjusted operating profit	\$284,480	\$ (9,700)	⁽³⁾ \$274,780	\$240,864	\$ (10,385)	⁽³⁾ \$230,479

⁽¹⁾ Recast as a result of the adoption of ASU 2017-07. See Note 2 of the Notes to the Consolidated Financial Statements for more information.

⁽²⁾ As a result of the change in definition of adjusted operating profit, only multiemployer pension plan withdrawal costs, rather than all non-operating retirement costs, are excluded from adjusted operating profit.

⁽³⁾ Represents amortization of prior service credits, which historically were a component of operating profit but not an adjustment to adjusted operating profit. As a result of the adoption of ASU 2017-07, amortization of prior service credits are now a component of other components of net periodic benefit costs/(income) rather than operating profit. For the twelve months ended 2017 and 2016, \$(9.7) million and \$(10.4) million, respectively, of amortization of prior service credits have been reclassified out of operating profit, thereby reducing operating profit and adjusted operating profit.

Adjustments made to the reconciliation of operating costs to adjusted operating costs

(In thousands)	Twelve Months 2017			Twelve Months 2016		
	Previously Reported	Adjustment	2017 Recast	Previously Reported	Adjustment	2016 Recast
Operating costs	\$1,488,131	\$ 5,147	⁽¹⁾ \$1,493,278	\$1,410,910	\$ 8,506	⁽¹⁾ \$1,419,416
Less:						
Depreciation & amortization	61,871	—	61,871	61,723	—	61,723
Severance	23,949	—	23,949	18,829	—	18,829
Non-operating retirement costs	11,152	(11,152)	⁽²⁾ —	15,880	(15,880)	⁽²⁾ —
Multiemployer pension plan withdrawal costs	—	6,599	⁽²⁾ 6,599	—	14,001	⁽²⁾ 14,001
Adjusted operating costs	\$1,391,159	\$ 9,700	⁽³⁾ \$1,400,859	\$1,314,478	\$ 10,385	⁽³⁾ \$1,324,863

⁽¹⁾ Recast as a result of the adoption of ASU 2017-07. See Note 2 of the Notes to the Consolidated Financial Statements for more information.

(2) As a result of the change in definition of adjusted operating costs, only multiemployer pension plan withdrawal costs, rather than all non-operating retirement costs, are excluded from adjusted operating costs.

(3) Represents amortization of prior service credits, which historically were a component of operating costs but not an adjustment to adjusted operating costs. As a result of the adoption of ASU 2017-07, amortization of prior service credits are now a component of other components of net periodic benefit costs/(income) rather than operating costs. For the twelve months ended of 2017 and 2016, \$(9.7) million and \$(10.4) million, respectively, of amortization of prior service credits have been reclassified out of operating costs, thereby increasing operating costs and adjusted operating costs.

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The following table reconciles other components of net periodic benefit costs/(income), excluding special items, to the comparable non-GAAP metric, non-operating retirement costs.

(In thousands)	Twelve Months of 2017	Twelve Months of 2016
Pension:		
Interest cost	\$68,582	\$74,465
Expected return on plan assets	(102,900)	(111,159)
Amortization and other costs	33,369	32,458
Amortization of prior service credit ⁽¹⁾	(1,945)	(1,945)
Non-operating pension income	(2,894)	(6,181)
Other postretirement benefits:		
Interest cost	1,881	1,979
Amortization and other costs	3,621	4,105
Amortization of prior service credit ⁽¹⁾	(7,755)	(8,440)
Non-operating other postretirement benefits income	(2,253)	(2,356)
Other components of net periodic benefit income	(5,147)	(8,537)
Multiemployer pension plan withdrawal costs	6,599	14,001
Total non-operating retirement costs	\$1,452	\$5,464

⁽¹⁾ The total amortization of prior service credit was \$(9.7) million and \$(10.4) million for the twelve months ended of 2017 and 2016, respectively.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The following table presents information about our financial position.

Financial Position Summary

(In thousands, except ratios)	December 30, 2018	December 31, 2017	% Change 2018 vs. 2017
Cash and cash equivalents	\$ 241,504	\$ 182,911	32.0
Marketable securities	584,859	550,000	6.3
Total debt and capital lease obligations	253,630	250,209	1.4
Total New York Times Company stockholders' equity	1,040,781	897,279	16.0
Ratios:			
Total debt and capital lease obligations to total capitalization	19.6	% 21.8	%
Current assets to current liabilities	1.33	1.80	

Our primary sources of cash inflows from operations were revenues from subscription and advertising sales. Subscription and advertising revenues provided about 60% and 32%, respectively, of total revenues in 2018. The remaining cash inflows were primarily from other revenue sources such as licensing, affiliate referrals, the leasing of floors in our headquarters building, commercial printing, NYT Live (our live events business) and retail commerce. Our primary sources of cash outflows were for employee compensation and benefits and other operating expenses. We believe our cash and cash equivalents, marketable securities balance and cash provided by operations, in combination with other sources of cash, will be sufficient to meet our financing needs over the next 12 months.

We have continued to strengthen our liquidity position and our debt profile. As of December 30, 2018, we had cash, cash equivalents and marketable securities of \$826.4 million and total debt and capital lease obligations of \$253.6 million. Accordingly, our cash, cash equivalents and marketable securities exceeded total debt and capital lease obligations by \$572.8 million. Included within marketable securities is \$54.2 million of securities required as collateral for letters of credit issued by the Company in connection with the leasing of floors in our headquarters building. See Note 19 of the Notes to the Consolidated Financial Statements for more information regarding these letters of credit. Our cash, cash equivalents and marketable securities balances increased in 2018 primarily due to cash proceeds from operating activities and stock option exercises, and lower contributions to certain qualified pension plans, partially offset by capital expenditures of approximately \$77 million.

We have paid quarterly dividends of \$0.04 per share on the Class A and Class B Common Stock since late 2013. In February 2019, the Board of Directors approved an increase in the quarterly dividend to \$0.05 per share. We currently expect to continue to pay comparable cash dividends in the future, although changes in our dividend program will be considered by our Board of Directors in light of our earnings, capital requirements, financial condition and other factors considered relevant.

In March 2009, we entered into an agreement to sell and simultaneously lease back the Condo Interest in our headquarters building. The sale price for the Condo Interest was \$225.0 million less transaction costs, for net proceeds of approximately \$211 million. We have an option, exercisable in the fourth quarter of 2019, to repurchase the Condo Interest for \$250.0 million, and we have provided notice of our intent to exercise this option. We believe that exercising this option is in the best interest of the Company given that the market value of the Condo Interest exceeds the exercise price, and we plan to use existing cash and marketable securities for this repurchase.

During 2018, we made contributions of approximately \$8 million to certain qualified pension plans funded by cash on hand. As of December 30, 2018, the underfunded balance of our qualified pension plans was approximately \$81 million, an increase of approximately \$12 million from December 31, 2017. We expect contributions made to satisfy minimum funding requirements to total approximately \$9 million in 2019.

As part of our continued effort to reduce the size and volatility of our pension obligations, in 2017, the Company entered into arrangements with insurers to transfer certain future benefit obligations and administrative costs for certain qualified pension plans. These transactions allowed us to reduce our overall qualified pension plan obligations by approximately \$263 million. In addition, in 2017 we made discretionary contributions totaling \$120 million to certain qualified plans. See Note 10 of the Notes to the Consolidated Financial Statements for more information. In 2018, we received a cash distribution of \$12.5 million related to the wind-down of our Madison investment. See Note 6 of the Notes to the Consolidated Financial Statements for more information on the Company's investment in Madison. We expect to receive an additional cash distribution in 2019 in the range of \$5 million to \$8 million related to the wind-down of our Madison investment.

In early 2015, the Board of Directors authorized up to \$101.1 million of repurchases of shares of the Company's Class A common stock. As of December 30, 2018, repurchases under this authorization totaled \$84.9 million (excluding commissions) and \$16.2 million remained under this authorization. Our Board of Directors has authorized us to purchase shares from time to time, subject to market conditions and other factors. 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:

(In thousands)	Years Ended			% Change	
	December 30, 2018	December 31, 2017	December 25, 2016	2018 vs. 2017	2017 vs. 2016
Operating activities	\$ 157,117	\$ 86,712	\$ 103,876	81.2	(16.5)
Investing activities	\$(101,095)	\$ 14,100	\$ 124,468	*	(88.7)
Financing activities	\$ 3,824	\$ (26,019)	\$ (237,024)	*	(89.0)

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

Operating Activities

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

Net cash provided by operating activities increased in 2018 compared with 2017 due to lower contributions to certain qualified pension plans, partially offset by lower cash collections from advertising receivables.

Net cash provided by operating activities decreased in 2017 compared with 2016 due to contributions totaling approximately \$128 million to certain qualified pension plans, partially offset by higher revenues and lower tax payments.

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, acquisitions of new businesses and investments.

Net cash used in investing activities in 2018 was primarily related to capital expenditures of \$77.5 million and \$36.5 million in net purchases of marketable securities.

Net cash provided by investing activities in 2017 was primarily related to maturities and disposals of marketable securities of \$548.5 million and proceeds from the sale of our 49% share in Malbaie of \$15.6 million, offset by purchases of marketable securities of \$466.5 million and capital expenditures of \$84.8 million.

Net cash provided by investing activities in 2016 was primarily due to maturities of marketable securities, offset by purchases of marketable securities and a cash distribution of \$38.0 million from the liquidation of certain

investments related to our corporate-owned life insurance, consideration paid for acquisitions of \$40.4 million and payments for capital expenditures of \$30.1 million.

Payments for capital expenditures were approximately \$77 million, \$85 million and \$30 million in 2018, 2017 and 2016, respectively.

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, the payment of long-term debt and capital lease obligations and stock-based compensation tax withholding.

Net cash provided by financing activities in 2018 was primarily related to stock issuances in connection with option exercises of \$41.3 million, partially offset by dividend payments of \$26.4 million and stock-based compensation tax withholding of \$10.5 million.

Net cash used in financing activities in 2017 was primarily related to dividend payments (\$26.0 million).

Net cash used in financing activities in 2016 was primarily related to the repayment, at maturity, of the \$189.2 million remaining principal amount under our 6.625% senior notes in December 2016, dividend payments of \$25.9 million and share repurchases of \$15.7 million.

See “— Third-Party Financing” below and our Consolidated Statements of Cash Flows for additional information on our sources and uses of cash.

Restricted Cash

We were required to maintain \$18.3 million of restricted cash as of December 30, 2018 and \$18.0 million as of December 31, 2017, substantially all of which is set aside to collateralize workers’ compensation obligations.

Capital Expenditures

Capital expenditures totaled approximately \$57 million, \$104 million and \$26 million in 2018, 2017 and 2016, respectively. The cash payments related to the capital expenditures totaled approximately \$77 million, \$85 million and \$30 million in 2018, 2017 and 2016, respectively. The increased expenditures for 2017 primarily related to the redesign and consolidation of space in our headquarters building and certain improvements at our printing and distribution facility in College Point, New York.

Third-Party Financing

As of December 30, 2018, our current indebtedness consisted of the repurchase option related to a sale-leaseback of a portion of our New York headquarters. See Note 7 for information regarding our total debt and capital lease obligations. See Note 9 for information regarding the fair value of our long-term debt.

Contractual Obligations

The information provided is based on management's best estimate and assumptions of our contractual obligations as of December 30, 2018. Actual payments in future periods may vary from those reflected in the table.

(In thousands)	Payment due in				
	Total	2019	2020-2021	2022-2023	Later Years
Debt ⁽¹⁾	\$275,558	\$275,558	\$—	\$—	\$—
Capital leases ⁽²⁾	7,245	7,245	—	—	—
Operating leases ⁽²⁾	49,992	7,650	12,935	11,297	18,110
Benefit plans ⁽³⁾	419,105	59,581	93,586	80,076	185,862
Total	\$751,900	\$350,034	\$106,521	\$91,373	\$203,972

(1) Includes estimated interest payments on long-term debt. See Note 7 of the Notes to the Consolidated Financial Statements for additional information related to our debt.

(2) See Note 19 of the Notes to the Consolidated Financial Statements for additional information related to our capital and operating leases.

The Company's general funding policy with respect to qualified pension plans is to contribute amounts at least sufficient to satisfy the minimum amount required by applicable law and regulations. Contributions for our qualified pension plans and future benefit payments for our unfunded pension and other postretirement benefit payments have been estimated over a 10-year period; therefore, the amounts included in the "Later Years" column only include payments for the period of 2024-2028. For our funded qualified pension plans, estimating funding depends on several variables, including the performance of the plans' investments, assumptions for discount rates,

(3) expected long-term rates of return on assets, rates of compensation increases (applicable only for the Guild-Times Adjustable Pension Plan that has not been frozen) and other factors. Thus, our actual contributions could vary substantially from these estimates. While benefit payments under these plans are expected to continue beyond 2028, we have included in this table only those benefit payments estimated over the next 10 years. Benefit plans in the table above also include estimated payments for multiemployer pension plan withdrawal liabilities. See Notes 10 and 11 of the Notes to the Consolidated Financial Statements for additional information related to our pension and other postretirement benefits plans.

"Other Liabilities — Other" in our Consolidated Balance Sheets include liabilities related to (1) deferred compensation, primarily related to our deferred executive compensation plan (the "DEC") and (2) various other liabilities, including our contingent tax liability for uncertain tax positions. These liabilities are not included in the table above primarily because the future payments are not determinable. See Note 12 of the Notes to the Consolidated Financial Statements for additional information.

The DEC previously enabled 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. The fair value of deferred compensation was \$23.2 million as of December 30, 2018. The DEC was frozen effective December 31, 2015, and no new contributions may be made into the plan. See Note 12 of the Notes to the Consolidated Financial Statements for additional information on "Other Liabilities — Other."

Our liability for uncertain tax positions was approximately \$14.8 million, including approximately \$3.2 million of accrued interest as of December 30, 2018. Until formal resolutions are reached between us and the tax authorities, the timing and amount of a possible audit settlement for uncertain tax benefits is not practicable. Therefore, we do not include this obligation in the table of contractual obligations. See Note 13 of the Notes to the Consolidated Financial Statements for additional information regarding income taxes.

We have a contract through the end of 2022 with Resolute FP US Inc., a subsidiary of Resolute Forest Products Inc., a major paper supplier, to purchase newsprint. The contract requires us to purchase annually the lesser of a fixed number of tons or a percentage of our total newsprint requirement at market rate in an arm's length transaction. Since the quantities of newsprint purchased annually under this contract are based on our total newsprint requirement, the amount of the related payments for these purchases is excluded from the table above.

Off-Balance Sheet Arrangements

We did not have any material off-balance sheet arrangements as of December 30, 2018.

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CRITICAL ACCOUNTING POLICIES

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements for the periods presented.

We continually evaluate the policies and estimates we use to prepare our Consolidated Financial Statements. In general, management's estimates are based on historical experience, information from third-party professionals and various other assumptions that are believed to be reasonable under the facts and circumstances. Actual results may differ from those estimates made by management.

Our critical accounting policies include our accounting for goodwill and intangibles, retirement benefits and income taxes. Specific risks related to our critical accounting policies are discussed below.

Goodwill and Intangibles

We evaluate whether there has been an impairment of goodwill or intangible assets not amortized on an annual basis or in an interim period if certain circumstances indicate that a possible impairment may exist. For a description of our related accounting policies, refer to Note 2 of the Notes to the Consolidated Financial Statements.

(In thousands)	December 30, 2018	December 31, 2017
Goodwill	\$ 140,282	\$ 143,549
Intangibles	\$ 6,225	\$ 8,161
Total assets	\$ 2,197,123	\$ 2,099,780
Percentage of goodwill and intangibles to total assets	7	% 7

The impairment analysis is considered critical because of the significance of goodwill and intangibles to our Consolidated Balance Sheets.

We test for goodwill impairment at a reporting unit level. We first perform a qualitative assessment to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value.

If we determine that it is more likely than not that the fair value of a reporting unit is less than its carrying value, we compare the fair value of a reporting unit with its carrying amount, including goodwill. Fair value is calculated by a combination of a discounted cash flow model and a market approach model.

The discounted cash flow analysis requires us to make various judgments, estimates and assumptions, many of which are interdependent, about future revenues, operating margins, growth rates, capital expenditures, working capital, discount rates and royalty rates. The starting point for the assumptions used in our discounted cash flow analysis is the annual long-range financial forecast. The annual planning process that we undertake to prepare the long-range financial forecast takes into consideration a multitude of factors, including historical growth rates and operating performance, related industry trends, macroeconomic conditions, and marketplace data, among others. Assumptions are also made for perpetual growth rates for periods beyond the long-range financial forecast period. Our estimates of fair value are sensitive to changes in all of these variables, certain of which relate to broader macroeconomic conditions outside our control.

The market approach analysis includes applying a multiple, based on comparable market transactions, to certain operating metrics of a reporting unit.

The significant estimates and assumptions used by management in assessing the recoverability of goodwill and intangibles are estimated future cash flows, discount rates, growth rates, as well as other factors. Any changes in these estimates or assumptions could result in an impairment charge. The estimates, based on reasonable and supportable assumptions and projections, require management's subjective judgment. Depending on the assumptions and estimates used, the estimated results of the impairment tests can vary within a range of outcomes.

Retirement Benefits

Our single-employer pension and other postretirement benefit costs and obligations are accounted for using actuarial valuations. We recognize the funded status of these plans – measured as the difference between plan assets, if funded, and the benefit obligation – on the balance sheet and recognize changes in the funded status that arise during the period but are not recognized as components of net periodic pension cost, within other comprehensive income/(loss), net of tax. The assets related to our funded pension plans are measured at fair value.

We also recognize the present value of liabilities associated with the withdrawal from multiemployer pension plans. We consider accounting for retirement plans critical to our operations because management is required to make significant subjective judgments about a number of actuarial assumptions, which include discount rates, long-term return on plan assets and mortality rates. These assumptions may have an effect on the amount and timing of future contributions. Depending on the assumptions and estimates used, the impact from our pension and other postretirement benefits could vary within a range of outcomes and could have a material effect on our Consolidated Financial Statements.