THE NEW YORK TIMES COMPANY 2006 FINANCIAL REPORT

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MANAGEMENT'S RESPONSIBILITIES REPORT

The Company's consolidated financial statements were prepared by management, who is responsible for their integrity and objectivity. The consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") and, as such, include amounts based on management's best estimates and judgments.

Management is further responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company follows and continuously monitors its policies and procedures for internal control over financial reporting to ensure that this objective is met (see "Management's Report on Internal Control Over Financial Reporting" in "Item 9A – Controls and Procedures").

The consolidated financial statements were audited by Deloitte & Touche LLP, an independent registered public accounting firm. Their audit was conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States) and their report is shown on page 51.

The Audit Committee of the Board of Directors, which is composed solely of independent directors, meets regularly with the independent registered public accounting firm, internal auditors and management to discuss specific accounting, financial reporting and internal control matters. Both the independent registered public accounting firm and the internal auditors have full and free access to the Audit Committee. Each year the Audit Committee selects, subject to ratification by stockholders, the firm which is to perform audit and other related work for the Company.

THE NEW YORK TIMES COMPANY

BY: JANET L. ROBINSON

President and Chief Executive Officer
March 1, 2007

THE NEW YORK TIMES COMPANY

BY: JAMES M. FOLLO

Senior Vice President and Chief Financial Officer
March 1, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON CONSOLIDATED FINANCIAL STATEMENTS

To the Board of Directors and Stockholders of
The New York Times Company
New York, NY

We have audited the accompanying consolidated balance sheets of The New York Times Company (the "Company") as of December 31, 2006 and December 25, 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2006. Our audits also included the financial statement schedule listed at Item 15(A)(2) of the Company's 2006 Annual Report on Form 10-K. These financial statements and the financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of The New York Times Company as of December 31, 2006 and December 25, 2005, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2006, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in 2005 the Company adopted Statement of Financial Accounting Standards No. 123(R), "Share-Based Payment," as revised, effective December 27, 2004. Also, as discussed in Note 8 to the consolidated financial statements, in 2005 the Company adopted FASB Interpretation No. 47, "Accounting for Conditional Asset Retirement Obligations – an interpretation of FASB Statement No. 143," effective December 25, 2005. Also, as discussed in Note 1 to the consolidated financial statements, in 2006 the Company adopted Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," relating to the recognition and related disclosure provisions, effective December 31, 2006.

As discussed in Note 2, the accompanying 2005 and 2004 consolidated financial statements have been restated.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of the Company's internal control over financial reporting as of December 31, 2006, based on the criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 1, 2007 expressed an unqualified opinion on management's assessment of the effectiveness of the Company's internal control over financial reporting and an adverse opinion on the effectiveness of the Company's internal control over financial reporting because of a material weakness.

Deloitte & Touche LLP

New York, NY
March 1, 2007

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors and Stockholders of
The New York Times Company
New York, NY

We have audited management's assessment, included in the accompanying *Management's Report on Internal Control over Financial Reporting* (see Item 9A), that The New York Times Company (the "Company") did not maintain effective internal control over financial reporting as of December 31, 2006, because of the effect of the material weakness identified in management's assessment based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment: The Company did not design control procedures to appropriately consider the multi-employer versus single-employer status of collectively-bargained pension and benefit plans, leading to inappropriate accounting for certain plan liabilities in accordance with generally accepted accounting principles. Such material weakness resulted in material adjustments to certain plan liabilities within the current and prior period financial statements. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2006, of the Company and this report does not affect our report on such financial statements and financial statement schedule.

In our opinion, management's assessment that the Company did not maintain effective internal control over financial reporting as of December 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Also in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, the Company has not maintained effective internal control over financial reporting as of December 31, 2006, based on the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements and financial statement schedule as of and for the year ended December 31, 2006, of the Company and our report dated March 1, 2007 expresses an unqualified opinion and includes an explanatory paragraph referring to the Company's adoption of Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans," relating to the recognition and related disclosure provisions, effective December 31, 2006, and includes an explanatory paragraph regarding the restatement of the consolidated financial statements as discussed in Note 2 to the consolidated financial statements.

Deloitte & Touche LLP

Deloitte & Touche LLP
New York, NY
March 1, 2007

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)	Years Ended 2006	2005 (Restated) (See Note 2)	2004 (Restated) (See Note 2)
Revenues			
Advertising	**$2,153,936**	$2,139,486	$2,053,378
Circulation	**889,722**	873,975	883,995
Other	**246,245**	217,667	222,039
Total	**3,289,903**	3,231,128	3,159,412
Costs and Expenses			
Production costs			
Raw materials	**330,833**	321,084	296,594
Wages and benefits	**665,304**	652,216	635,087
Other	**533,392**	495,588	474,978
Total production costs	**1,529,529**	1,468,888	1,406,659
Selling, general and administrative expenses	**1,466,552**	1,442,690	1,290,140
Total costs and expenses	**2,996,081**	2,911,578	2,696,799
Impairment of intangible assets	**814,433**	–	–
Gain on sale of assets	**–**	122,946	–
Operating (Loss)/Profit	**(520,611)**	442,496	462,613
Net income from joint ventures	**19,340**	10,051	240
Interest expense, net	**50,651**	49,168	41,760
Other income	**–**	4,167	8,212
(Loss)/income from continuing operations before income taxes and minority interest	**(551,922)**	407,546	429,305
Income taxes	**16,608**	163,976	163,731
Minority interest in net loss/(income) of subsidiaries	**359**	(257)	(589)
(Loss)/income from continuing operations	**(568,171)**	243,313	264,985
Discontinued operations, net of income taxes – Broadcast Media Group	**24,728**	15,687	22,646
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(5,527)	–
Net (loss)/income	**$ (543,443)**	$ 253,473	$ 287,631
Average number of common shares outstanding			
Basic	**144,579**	145,440	147,567
Diluted	**144,579**	145,877	149,357
Basic (loss)/earnings per share:			
(Loss)/income from continuing operations	**$ (3.93)**	$ 1.67	$ 1.80
Discontinued operations, net of income taxes – Broadcast Media Group	**0.17**	0.11	0.15
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(0.04)	–
Net (loss)/income	**$ (3.76)**	$ 1.74	$ 1.95
Diluted (loss)/earnings per share:			
(Loss)/income from continuing operations	**$ (3.93)**	$ 1.67	$ 1.78
Discontinued operations, net of income taxes – Broadcast Media Group	**0.17**	0.11	0.15
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(0.04)	–
Net (loss)/income	**$ (3.76)**	$ 1.74	$ 1.93
Dividends per share	**$ .69**	$ .65	$ .61

See Notes to the Consolidated Financial Statements

CONSOLIDATED BALANCE SHEETS

(In thousands, except share and per share data)	December 2006	December 2005 (Restated) (See Note 2)
Assets		
Current Assets		
Cash and cash equivalents	**$ 72,360**	$ 44,927
Accounts receivable (net of allowances: 2006 - $35,840; 2005 - $39,654)	**402,639**	439,966
Inventories	**36,696**	32,100
Deferred income taxes	**73,729**	68,118
Assets held for sale	**357,028**	359,152
Other current assets	**242,591**	70,323
Total current assets	**1,185,043**	1,014,586
Investments in Joint Ventures	**145,125**	238,369
Property, Plant and Equipment		
Land	**65,808**	61,021
Buildings, building equipment and improvements	**718,061**	705,652
Equipment	**1,359,496**	1,398,616
Construction and equipment installations in progress	**529,546**	501,544
Total - at cost	**2,672,911**	2,666,833
Less: accumulated depreciation and amortization	**(1,297,546)**	(1,265,465)
Property, plant and equipment - net	**1,375,365**	1,401,368
Intangible Assets Acquired		
Goodwill	**650,920**	1,399,337
Other intangible assets acquired (less accumulated amortization of $224,487 in 2006 and $168,319 in 2005)	**133,448**	176,572
Total	**784,368**	1,575,909
Deferred income taxes	**125,681**	–
Miscellaneous Assets	**240,346**	333,846
Total Assets	**$3,855,928**	$4,564,078
Liabilities and Stockholders' Equity		
Current Liabilities		
Commercial paper outstanding	**$ 422,025**	$ 496,450
Accounts payable	**242,528**	208,520
Accrued payroll and other related liabilities	**121,240**	100,390
Accrued expenses	**200,030**	180,488
Unexpired subscriptions	**83,298**	81,870
Current portion of long-term debt and capital lease obligations	**104,168**	1,630
Construction loan	**124,705**	–
Total current liabilities	**1,297,994**	1,069,348
Other Liabilities		
Long-term debt	**720,790**	821,962
Capital lease obligations	**74,240**	76,338
Deferred income taxes	**–**	26,278
Pension benefits obligation	**384,277**	380,257
Postretirement benefits obligation	**256,740**	268,569
Other	**296,078**	281,524
Total other liabilities	**1,732,125**	1,854,928
Minority Interest	**5,967**	188,976

See Notes to the Consolidated Financial Statements

(In thousands, except share and per share data)	December 2006	2005 (Restated) (See Note 2)
Stockholders' Equity		
Serial preferred stock of $1 par value - authorized 200,000 shares - none issued	**$ –**	$ –
Common stock of $.10 par value:		
Class A - authorized 300,000,000 shares; issued: 2006 – 148,026,952; 2005 – 150,939,371 (including treasury shares: 2006 – 5,000,000; 2005 - 6,558,299)	**14,804**	15,094
Class B - convertible - authorized 832,592 shares; issued: 2006 – 832,592 and 2005 - 834,242 (including treasury shares: 2006 - none and 2005 - none)	**82**	83
Additional paid-in capital	**–**	55,148
Retained earnings	**1,111,006**	1,815,199
Common stock held in treasury, at cost	**(158,886)**	(261,964)
Accumulated other comprehensive income/(loss), net of income taxes:		
Foreign currency translation adjustments	**20,984**	11,498
Funded status of benefit plans	**(168,148)**	–
Unrealized derivative gain on cash-flow hedges	**–**	1,262
Minimum pension liability	**–**	(185,215)
Unrealized loss on marketable securities	**–**	(279)
Total accumulated other comprehensive loss, net of income taxes	**(147,164)**	(172,734)
Total stockholders' equity	**819,842**	1,450,826
Total Liabilities and Stockholders' Equity	**$3,855,928**	$4,564,078

See Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended		
(In thousands)	**2006**	**2005 (Restated) (See Note 2)**	**2004 (Restated) (See Note 2)**
Cash Flows from Operating Activities			
Net (loss) income	**$(543,443)**	$ 253,473	$ 287,631
Adjustments to reconcile net (loss)/income to net cash provided by operating activities:			
Impairment of intangible assets	**814,433**	–	–
Depreciation	**140,667**	113,480	118,893
Amortization	**29,186**	30,289	23,635
Stock-based compensation	**22,658**	34,563	4,261
Cumulative effect of a change in accounting principle	**–**	5,852	–
(Undistributed earnings)/excess distributed earnings of affiliates	**(5,965)**	(919)	14,750
Minority interest in net (loss)/income of subsidiaries	**(359)**	257	589
Deferred income taxes	**(139,904)**	(34,772)	(484)
Long-term retirement benefit obligations	**39,057**	12,136	760
Gain on sale of assets	**–**	(122,946)	–
Excess tax benefits from stock-based awards	**(1,938)**	(5,991)	–
Other - net	**9,499**	2,572	(17,153)
Changes in operating assets and liabilities, net of acquisitions/dispositions:			
Accounts receivable - net	**37,486**	(35,088)	(3,418)
Inventories	**(7,592)**	554	(3,702)
Other current assets	**(1,085)**	29,743	(2,300)
Accounts payable	**23,272**	(3,870)	489
Accrued payroll and accrued expenses	**(9,900)**	20,713	7,049
Accrued income taxes	**14,828**	(9,934)	11,746
Unexpired subscriptions	**1,428**	4,199	1,292
Net cash provided by operating activities	**422,328**	294,311	444,038
Cash Flows from Investing Activities			
Acquisitions	**(35,752)**	(437,516)	–
Capital expenditures	**(332,305)**	(221,344)	(188,451)
Investments sold/(made)	**100,000**	(19,220)	–
Proceeds on sale of assets	**–**	183,173	–
Other investing payments	**(20,605)**	(604)	(3,697)
Net cash used in investing activities	**(288,662)**	(495,511)	(192,148)
Cash Flows from Financing Activities			
Commercial paper borrowings - net	**(74,425)**	161,100	107,370
Construction loan	**61,120**	–	–
Long-term obligations:			
Increase	**–**	497,543	–
Reduction	**(1,640)**	(323,490)	(1,824)
Capital shares:			
Issuance	**15,988**	14,348	41,090
Repurchases	**(52,267)**	(57,363)	(293,222)
Dividends paid to stockholders	**(100,104)**	(94,535)	(90,127)
Excess tax benefits from stock-based awards	**1,938**	5,991	–
Other financing proceeds/(payments) - net	**43,198**	811	(12,525)
Net cash (used in)/provided by financing activities	**(106,192)**	204,405	(249,238)
Net increase in cash and cash equivalents	**27,474**	3,205	2,652
Effect of exchange rate changes on cash and cash equivalents	**(41)**	(667)	290
Cash and cash equivalents at the beginning of the year	**44,927**	42,389	39,447
Cash and cash equivalents at the end of the year	**$ 72,360**	$ 44,927	$ 42,389

See Notes to the Consolidated Financial Statements

SUPPLEMENTAL DISCLOSURES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Cash Flow Information

(In thousands)	Years Ended 2006	2005 (Restated) (See Note 2)	2004 (Restated) (See Note 2)
SUPPLEMENTAL DATA			
Cash payments			
– Interest	**$ 71,812**	$ 46,149	$ 47,900
– Income taxes, net of refunds	**$ 152,178**	$ 231,521	$ 166,497

Acquisitions and Investments

- See Note 3 of the Notes to the Consolidated Financial Statements.

Other

- In August 2006, the Company's new headquarters building was converted to a leasehold condominium, with the Company and its development partner acquiring ownership of their respective leasehold condominium units (see Note 19). The Company's capital expenditures include those of its development partner through August 2006. Cash capital expenditures attributable to the Company's development partner's interest in the Company's new headquarters were approximately $55 million in 2006, $49 million in 2005 and $34 million in 2004.
- Investing activities—Other investing payments include cash payments by our development partner for deferred expenses related to their leasehold condominium units of approximately $20 million in 2006.
- Financing activities—Other financing proceeds/(payments)-net include cash received from the development partner for the repayment of the Company's loan receivable of approximately $43 million in 2006 and for capital expenditures of $1 million in 2005 and $12 million in 2004. The cash received in 2004 was offset by cash payments made by the Company to its development partner for excess capital contributions made of approximately $25 million in 2004.

Non-Cash

- In August 2006, in connection with the conversion of the Company's new headquarters to a leasehold condominium, the Company made a non-cash distribution of its development partner's net assets of approximately $260 million. Beginning in September 2006, the Company recorded a non-cash receivable and loan payable for the amount that the Company's development partner drew down on the construction loan (see Note 19). The non-cash receivable and loan payable recorded for 2006 was approximately $64 million. See Note 19 for additional information regarding the Company's new headquarters.
- Accrued capital expenditures were approximately $51 million in 2006, $25 million in 2005 and $22 million in 2004.

See Notes to the Consolidated Financial Statements

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY

(In thousands, except share and per share data)	Capital Stock Class A and Class B Common	Additional Paid-in Capital	Retained Earnings	Common Stock Held in Treasury, at Cost	Deferred Compensation	Accumulated Other Comprehensive Loss, Net of Income Tax	Total
Balance, December 2003							
As Previously Reported	$15,856	$ 53,645	$1,790,801	$(381,004)	$ (8,037)	$ (79,019)	$1,392,242
Restatement Adjustments	–	–	642	–	–	(39,299)	(38,657)
Balance, December 2003 (Restated)	$15,856	$ 53,645	$1,791,443	$(381,004)	$ (8,037)	$(118,318)	$1,353,585
Comprehensive income:							
Net income (Restated)	–	–	287,631	–	–	–	287,631
Foreign currency translation gain	–	–	–	–	–	8,384	8,384
Unrealized derivative gain on cash-flow hedges (net of tax expense of $340)	–	–	–	–	–	485	485
Minimum pension liability (net of tax benefit of $2,333) (Restated)	–	–	–	–	–	(2,937)	(2,937)
Unrealized loss on marketable securities (net of tax benefit of $164)	–	–	–	–	–	(199)	(199)
Comprehensive income (Restated)	–	–	–	–	–	–	293,364
Dividends, common - $.61 per share	–	–	(90,127)	–	–	–	(90,127)
Issuance of shares:							
Retirement units - 9,810 Class A shares	–	(334)	–	429	–	–	95
Employee stock purchase plan - 953,679 Class A shares	–	(8,295)	–	41,585	–	–	33,290
Restricted shares - 515,866 Class A shares	–	(1,997)	–	22,530	(20,533)	–	–
Stock options - 1,599,621 Class A shares	160	52,956	–	–	–	–	53,116
Stock-based compensation expense - Restricted Class A shares	–	–	–	–	4,261	–	4,261
Repurchase of stock - 6,852,643 Class A shares	–	–	–	(293,222)	–	–	(293,222)
Treasury stock retirement - 9,232,565 Class A shares	(923)	(95,975)	(308,377)	405,275	–	–	–
Balance, December 2004 (Restated)	15,093	–	1,680,570	(204,407)	(24,309)	(112,585)	1,354,362

See Notes to the Consolidated Financial Statements

(In thousands, except share and per share data)	Capital Stock Class A and Class B Common	Additional Paid-in Capital	Retained Earnings	Common Stock Held in Treasury, at Cost	Deferred Compensation	Accumulated Other Comprehensive Loss, Net of Income Tax	Total
Comprehensive income:							
Net income (Restated)	–	–	253,473	–	–	–	253,473
Foreign currency translation loss	–	–	–	–	–	(7,918)	(7,918)
Unrealized derivative gain on cash-flow hedges (net of tax expense of $1,120)	–	–	–	–	–	1,386	1,386
Minimum pension liability (net of tax benefit of $41,164) (Restated)	–	–	–	–	–	(53,537)	(53,537)
Unrealized loss on marketable securities (net of tax benefit of $62)	–	–	–	–	–	(80)	(80)
Comprehensive income (Restated)	–	–	–	–	–	–	193,324
Dividends, common - $.65 per share	–	–	(94,535)	–	–	–	(94,535)
Issuance of shares:							
Retirement units – 10,378 Class A shares	–	(345)	–	445	–	–	100
Employee stock purchase plan – 833 Class A shares	–	31	–	–	–	–	31
Stock options - 847,816 Class A shares	84	20,260	–	–	–	–	20,344
Stock conversions - 6,074 Class B shares to A shares	–	–	–	–	–	–	–
Restricted shares forfeited - 14,927 Class A shares	–	639	–	(639)	–	–	–
Reversal of deferred compensation	–	–	(24,309)	–	24,309	–	–
Stock-based compensation expense	–	34,563	–	–	–	–	34,563
Repurchase of stock - 1,734,099 Class A shares	–	–	–	(57,363)	–	–	(57,363)
Balance, December 2005 (Restated)	**15,177**	**55,148**	**1,815,199**	**(261,964)**	**–**	**(172,734)**	**1,450,826**

See Notes to the Consolidated Financial Statements

(In thousands, except share and per share data)	Capital Stock Class A and Class B Common	Additional Paid-in Capital	Retained Earnings	Common Stock Held in Treasury, at Cost	Deferred Compensation	Accumulated Other Comprehensive Loss, Net of Income Tax	Total
Comprehensive loss:							
Net loss	–	–	(543,443)	–	–	–	(543,443)
Foreign currency translation gain	–	–	–	–	–	9,487	9,487
Unrealized derivative loss on cash-flow hedges (net of tax benefit of $1,023)	–	–	–	–	–	(1,263)	(1,263)
Minimum pension liability (net of tax expense of $79,498)	–	–	–	–	–	105,050	105,050
Unrealized gain on marketable securities (net of tax expense of $16)	–	–	–	–	–	36	36
Reclassification adjustment for losses included in net loss (net of tax benefit of $210)	–	–	–	–	–	242	242
Comprehensive loss							(429,891)
Adjustment to apply FAS 158 (net of tax benefit of $89,364)	–	–	–	–	–	(87,982)	(87,982)
Dividends, common - $.69 per share	–	–	(100,104)	–	–	–	(100,104)
Issuance of shares:							
Retirement units - 9,396 Class A shares	–	(217)	–	311	–	–	94
Stock options - 813,930 Class A shares	81	16,973	–	–	–	–	17,054
Stock conversions - 1,650 Class B shares to A shares	–	–	–	–	–	–	–
Restricted shares forfeited - 19,905 Class A shares	–	658	–	(658)	–	–	–
Restricted stock units exercises - 44,685 Class A shares	–	(2,024)	–	1,478	–	–	(546)
Stock-based compensation expense	–	22,658	–	–	–	–	22,658
Repurchase of stock - 2,203,888 Class A shares	–	–	–	(52,267)	–	–	(52,267)
Treasury stock retirement - 3,728,011 Class A shares	(372)	(93,196)	(60,646)	154,214	–	–	–
Balance, December 2006	$14,886	$ –	$1,111,006	$(158,886)	$ –	$(147,164)	$ 819,842

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Nature of Operations

The New York Times Company (the "Company") is a diversified media company currently including newspapers, Internet businesses, television and radio stations, investments in paper mills and other investments. The Company also has equity interests in various other companies (see Note 7). The Company's major source of revenue is advertising, predominantly from its newspaper business. The newspapers generally operate in the Northeast, Southeast and California markets in the United States.

Principles of Consolidation

The Consolidated Financial Statements include the accounts of the Company after the elimination of material intercompany items.

Fiscal Year

The Company's fiscal year end is the last Sunday in December. Fiscal year 2006 comprises 53 weeks and fiscal years 2005 and 2004 each comprise 52 weeks. Unless specifically stated otherwise, all references to 2006, 2005 and 2004 refer to our fiscal years ended, or the dates as of, December 31, 2006, December 25, 2005 and December 26, 2004.

Cash and Cash Equivalents

The Company considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Accounts Receivable

Credit is extended to the Company's advertisers and subscribers based upon an evaluation of the customer's financial condition, and collateral is not required from such customers. Allowances for estimated credit losses, rebates, rate adjustments and discounts are generally established based on historical experience.

Inventories

Inventories are stated at the lower of cost or current market value. Inventory cost is generally based on the last-in, first-out ("LIFO") method for newsprint and the first-in, first-out ("FIFO") method for other inventories.

Investments

Investments in which the Company has at least a 20%, but not more than a 50%, interest are generally accounted for under the equity method. Investment interests below 20% are generally accounted for under the cost method, except if the Company could exercise significant influence, the investment would be accounted for under the equity method. The Company has an investment interest below 20% in a limited liability company ("LLC") which is accounted for under the equity method (see Note 7).

Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed by the straight-line method over the shorter of estimated asset service lives or lease terms as follows: buildings, building equipment and improvements—10 to 40 years; equipment—3 to 30 years. The Company capitalizes interest costs and certain staffing costs as part of the cost of constructing major facilities and equipment.

Goodwill and Intangible Assets Acquired

Goodwill and other intangible assets are accounted for in accordance with Statement of Financial Accounting Standards ("FAS") No. 142, Goodwill and Other Intangible Assets ("FAS 142").

Goodwill is the excess of cost over the fair market value of tangible and other intangible net assets acquired. Goodwill is not amortized but tested for impairment annually or if certain circumstances indicate a possible impairment may exist in accordance with FAS 142.

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

The Company tests for goodwill impairment at the reporting unit level as defined in FAS 142. This test is a two-step process. The first step of the goodwill impairment test, used to identify potential impairment, compares the fair value of the reporting unit with its carrying amount, including goodwill. If the fair value, which is based on future cash flows, exceeds the carrying amount, goodwill is not considered impaired. If the carrying amount exceeds the fair value, the second step must be performed to measure the amount of the impairment loss, if any. The second step compares the fair value of the reporting unit's goodwill with the carrying amount of that goodwill. An impairment loss would be recognized in an amount equal to the excess of the carrying amount of

the goodwill over the fair value of the goodwill. In the fourth quarter of each year, we evaluate goodwill on a separate reporting unit basis to assess recoverability, and impairments, if any, are recognized in earnings.

Intangible assets that are not amortized are tested for impairment at the asset level by comparing the fair value of the asset with its carrying amount. If the fair value, which is based on future cash flows, exceeds the carrying amount, the asset is not considered impaired. If the carrying amount exceeds the fair value, an impairment loss would be recognized in an amount equal to the excess of the carrying amount of the asset over the fair value of the asset.

Intangible assets that are amortized are tested for impairment at the asset level associated with the lowest level of cash flows. An impairment exists if the carrying value of the asset is i) not recoverable (the carrying value of the asset is greater than the sum of undiscounted cash flows) and ii) is greater than its fair value.

The significant estimates and assumptions used by management in assessing the recoverability of goodwill and other intangible assets are estimated future cash flows, present value discount rate, and other factors. Any changes in these estimates or assumptions could result in an impairment charge. The estimates of future cash flows, based on reasonable and supportable assumptions and projections, require management's subjective judgment. Depending on the assumptions and estimates used, the estimated future cash flows projected in the evaluations of long-lived assets can vary within a range of outcomes.

In addition to the testing above which is done on an annual basis, management uses certain indicators to evaluate whether the carrying value of goodwill and other intangible assets may not be recoverable, such as i) current-period operating or cash flow declines combined with a history of operating or cash flow declines or a projection/forecast that demonstrates continuing declines in the cash flow of an entity or inability of an entity to improve its operations to forecasted levels and ii) a significant adverse change in the business climate, whether structural or technological, that could affect the value of an entity.

Self-Insurance

The Company self-insures for workers' compensation costs, certain employee medical and disability benefits, and automobile and general liability claims. The recorded liabilities for self-insured risks are primarily calculated using actuarial methods. The liabilities include amounts for actual claims, claim growth and claims incurred but not yet reported.

Pension and Postretirement Benefits

The Company sponsors several pension plans and makes contributions to several other multi-employer pension plans in connection with collective bargaining agreements. The Company also provides health and life insurance benefits to retired employees who are not covered by collective bargaining agreements.

The Company's pension and postretirement benefit costs are accounted for using actuarial valuations required by FAS No. 87, Employers' Accounting for Pensions ("FAS 87"), and FAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("FAS 106").

The Company adopted FAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans ("FAS 158") as of December 31, 2006. FAS 158 requires an entity to recognize the funded status of its defined pension plans on the balance sheet and to recognize changes in the funded status, that arise during the period but are not recognized as components of net periodic benefit cost, within other comprehensive income, net of income taxes. See Note 12 and 13 for additional information regarding the adoption of FAS 158.

Revenue Recognition

- Advertising revenue is recognized when advertisements are published, broadcast or placed on the Company's Web sites or, with respect to certain Web advertising, each time a user clicks on certain ads, net of provisions for estimated rebates, rate adjustments and discounts.
- Rebates are accounted for in accordance with Emerging Issues Task Force ("EITF") 01-09, Accounting for Consideration Given by a Vendor to a Customer (including Reseller of the Vendor's Product) ("EITF 01-09"). The Company recognizes a rebate obligation as a reduction of revenue, based on the amount of estimated rebates that will be earned and claimed, related to the underlying revenue transactions during the period. Measurement of the rebate obligation is estimated based on the historical experience of the number of customers that ultimately earn and use the rebate.
- Rate adjustments primarily represent credits given to customers related to billing or production errors and discounts represent credits given to customers who pay an invoice prior to its due date. Rate adjustments and discounts are accounted for in accordance with EITF 01-09 as a reduction of revenue, based on the amount of estimated rate adjustments or discounts related to the underlying revenue during the period. Measurement of rate

adjustments and discount obligations are estimated based on historical experience of credits actually issued.

- Circulation revenue includes single copy and home delivery subscription revenue. Single copy revenue is recognized based on date of publication, net of provisions for related returns. Proceeds from home-delivery subscriptions are deferred at the time of sale and are recognized in earnings on a pro rata basis over the terms of the subscriptions.
- Other revenue is recognized when the related service or product has been delivered.

Income Taxes

Income taxes are accounted for in accordance with FAS No. 109, Accounting for Income Taxes ("FAS 109"). Under FAS 109 income taxes are recognized for the following: i) amount of taxes payable for the current year, and ii) deferred tax assets and liabilities for the future tax consequence of events that have been recognized differently in the financial statements than for tax purposes. Deferred tax assets and liabilities are established using statutory tax rates and are adjusted for tax rate changes. FAS 109 also requires that deferred tax assets be reduced by a valuation allowance if it is more likely than not that some portion or all of the deferred tax assets will not be realized.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with FAS No. 123 (revised 2004), Share-Based Payment ("FAS 123-R"). The Company adopted FAS 123-R at the beginning of 2005. The Company establishes fair value for its equity awards to determine its cost and recognizes the related expense over the appropriate vesting period. The Company recognizes expense for stock options, restricted stock units, restricted stock, shares issued under the Company's employee stock purchase plan (only in 2005) and other long-term incentive plan awards. Before the adoption of FAS 123-R, the Company applied Accounting Principles Board Opinion ("APB") No. 25, Accounting for Stock Issued to Employees ("APB 25") to account for its stock-based awards. See Note 16 for additional information related to stock-based compensation expense.

Earnings/(Loss) Per Share

The Company calculates earnings/(loss) per share in accordance with FAS No. 128, Earnings Per Share. Basic earnings per share is calculated by dividing net earnings available to common shares by average common shares outstanding. Diluted earnings/(loss) per share is calculated similarly, except that it includes the dilutive effect of the assumed exercise of securities, including the effect of shares issuable under the Company's stock-based incentive plans.

All references to earnings/(loss) per share are on a diluted basis unless otherwise noted.

Foreign Currency Translation

The assets and liabilities of foreign companies are translated at year-end exchange rates. Results of operations are translated at average rates of exchange in effect during the year. The resulting translation adjustment is included as a separate component of the Consolidated Statements of Changes in Stockholders' Equity, and in the Stockholders' Equity section of the Consolidated Balance Sheets, in the caption "Accumulated other comprehensive loss, net of income taxes."

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect the amounts reported in the Company's Consolidated Financial Statements. Actual results could differ from these estimates.

Reclassifications

For comparability, certain prior year amounts have been reclassified to conform with the 2006 presentation, specifically reclassifications related to a discontinued operation (see Note 5).

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board ("FASB") issued FAS No. 157, Fair Value Measurements ("FAS 157"). FAS 157 establishes a common definition for fair value under GAAP, establishes a framework for measuring fair value and expands disclosure requirements about such fair value measurements. FAS 157 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting FAS 157 on its financial statements.

In June 2006, FASB issued FASB Interpretation ("FIN") No. 48, Accounting for Uncertainty in Income Taxes—an interpretation of FASB Statement No. 109 ("FIN 48"), which clarifies the accounting for uncertainty in income tax positions ("tax positions"). FIN 48 requires the Company to

recognize in its financial statements the impact of a tax position if that tax position is more likely than not of being sustained on audit, based on the technical merits of the tax position. The provisions of FIN 48 are effective as of the beginning of the Company's 2007 fiscal year, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. The Company estimates that a cumulative effect adjustment of approximately $21 to $26 million will be charged to retained earnings to increase reserves for uncertain tax positions. This estimate is subject to revision as the Company completes its analysis.

In February 2007, FASB issued FAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendment of FASB Statement No. 115 ("FAS 159"). FAS 159 permits entities to choose to measure many financial instruments and certain other items at fair value. FAS 159 is effective for fiscal years beginning after November 15, 2007. The Company is currently evaluating the impact of adopting FAS 159 on its financial statements.

2. Restatement of Financial Statements

Subsequent to the issuance of its 2005 consolidated financial statements, the Company determined that there were errors in accounting for certain pension and postretirement plans.

The reporting errors arose principally from the Company's treatment of pension and benefits plans established pursuant to collective bargaining agreements between the Company and its subsidiaries, on the one hand, and The New York Times Newspaper Guild, on the other, as multiemployer plans. The plans' participants include employees of The New York Times and a Company subsidiary, as well as employees of the plans' administrator. The Company has concluded that, under GAAP, the plans should have been accounted for as single-employer plans. The main effect of the change is that the Company must account for the present value of projected future benefits to be provided under the plans. Previously, the Company had recorded the expense of its annual contributions to the plans. While the calculations will increase the Company's reported expense, the accounting changes will not materially increase the Company's funding obligations, which are regulated by collective bargaining agreements with the union.

The Company restated the Consolidated Balance Sheet as of December 2005, and the Consolidated Statements of Operations, Consolidated Statements of Cash Flows and Consolidated Statements of Changes in Stockholders' Equity for the 2005 and 2004 fiscal years.

The restatement also reflects the effect of unrecorded adjustments that were previously determined to be immaterial, mainly related to accounts receivable allowances and accrued expenses.

The following tables show the impact of the restatement. The Broadcast Media Group's results of operations have been presented as discontinued operations, and certain assets and liabilities are classified as held for sale for all periods presented (see Note 5). In order to more clearly disclose the impact of the restatement on reported results, the impact of this reclassification is separately shown below in the column labeled "Discontinued Operations."

Consolidated Statements of Operations

(In thousands, except per share data)	Year Ended December 2005 As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues				
Advertising	$2,278,239	$(136,161)	$ (2,592)	$2,139,486
Circulation	873,975	–	–	873,975
Other	220,561	(2,894)	–	217,667
Total	3,372,775	(139,055)	(2,592)	3,231,128
Costs and expenses				
Production costs				
Raw materials	321,084	–	–	321,084
Wages and benefits	690,754	(38,538)	–	652,216
Other	528,546	(32,958)	–	495,588
Total production costs	1,540,384	(71,496)	–	1,468,888
Selling, general and administrative expenses	1,474,283	(40,418)	8,825	1,442,690
Total costs and expenses	3,014,667	(111,914)	8,825	2,911,578
Gain on sale of assets	122,946	–	–	122,946
Operating profit	481,054	(27,141)	(11,417)	442,496
Net income from joint ventures	10,051	–	–	10,051
Interest expense, net	49,168	–	–	49,168
Other income	4,167	–	–	4,167
Income from continuing operations before income taxes and minority interest	446,104	(27,141)	(11,417)	407,546
Income taxes	180,242	(11,129)	(5,137)	163,976
Minority interest in net income of subsidiaries	(257)	–	–	(257)
Income from continuing operations	265,605	(16,012)	(6,280)	243,313
Discontinued operations, net of income taxes – Broadcast Media Group	–	15,687	–	15,687
Cumulative effect of a change in accounting principle, net of income taxes	(5,852)	325	–	(5,527)
Net income	$ 259,753	$ –	$ (6,280)	$ 253,473
Average number of common shares outstanding				
Basic	145,440	145,440	145,440	145,440
Diluted	145,877	145,877	145,877	145,877
Basic earnings per share:				
Income from continuing operations	$ 1.83	$ (0.11)	$ (0.05)	$ 1.67
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.11	–	0.11
Cumulative effect of a change in accounting principle, net of income taxes	(0.04)	–	–	(0.04)
Net income	$ 1.79	$ –	$ (0.05)	$ 1.74
Diluted earnings per share:				
Income from continuing operations	$ 1.82	$ (0.11)	$ (0.04)	$ 1.67
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.11	–	0.11
Cumulative effect of a change in accounting principle, net of income taxes	(0.04)	–	–	(0.04)
Net income	$ 1.78	$ –	$ (0.04)	$ 1.74
Dividends per share	$ .65	–	–	$ .65

(In thousands, except per share data)	As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
	Year Ended December 2004			
Revenues				
Advertising	$2,194,644	$(142,663)	$ 1,397	$ 2,053,378
Circulation	883,995	–	–	883,995
Other	225,003	(2,964)	–	222,039
Total	3,303,642	(145,627)	1,397	3,159,412
Costs and expenses				
Production costs				
Raw materials	296,594	–	–	296,594
Wages and benefits	672,901	(37,814)	–	635,087
Other	506,053	(31,075)	–	474,978
Total production costs	1,475,548	(68,889)	–	1,406,659
Selling, general and administrative expenses	1,318,141	(38,355)	10,354	1,290,140
Total costs and expenses	2,793,689	(107,244)	10,354	2,696,799
Operating profit	509,953	(38,383)	(8,957)	462,613
Net income from joint ventures	240	–	–	240
Interest expense, net	41,760	–	–	41,760
Other income	8,212	–	–	8,212
Income from continuing operations before income taxes and minority interest	476,645	(38,383)	(8,957)	429,305
Income taxes	183,499	(15,737)	(4,031)	163,731
Minority interest in net income of subsidiaries	(589)	–	–	(589)
Income from continuing operations	292,557	(22,646)	(4,926)	264,985
Discontinued operations, net of income taxes – Broadcast Media Group	–	22,646	–	22,646
Net income	$ 292,557	$ –	$ (4,926)	$ 287,631
Average number of common shares outstanding				
Basic	147,567	147,567	147,567	147,567
Diluted	149,357	149,357	149,357	149,357
Basic earnings per share:				
Income from continuing operations	$ 1.98	$ (0.15)	$ (0.03)	$ 1.80
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.15	–	0.15
Net income	$ 1.98	$ –	$ (0.03)	$ 1.95
Diluted earnings per share:				
Income from continuing operations	$ 1.96	$ (0.15)	$ (0.03)	$ 1.78
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.15	–	0.15
Net income	$ 1.96	$ –	$ (0.03)	$ 1.93
Dividends per share	$ .61	–	–	$ .61

Consolidated Balance Sheet

(In thousands, except per share data)	As of December 2005 As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Assets				
Current Assets				
Cash and cash equivalents	$ 44,927	$ –	$ –	$ 44,927
Accounts receivable (net of allowances: 2005 - $39,654)	435,273	–	4,693	439,966
Inventories	32,100	–	–	32,100
Deferred income taxes	68,118	–	–	68,118
Assets held for sale	–	359,152	–	359,152
Other current assets	77,328	(5,255)	(1,750)	70,323
Total current assets	657,746	353,897	2,943	1,014,586
Investments in Joint Ventures	238,369	–	–	238,369
Property, Plant and Equipment				
Land	66,475	(5,454)	–	61,021
Buildings, building equipment and improvements	735,561	(29,909)	–	705,652
Equipment	1,529,785	(131,169)	–	1,398,616
Construction and equipment installations in progress	504,769	(3,225)	–	501,544
Total – at cost	2,836,590	(169,757)	–	2,666,833
Less: accumulated depreciation and amortization	(1,368,187)	102,722	–	(1,265,465)
Property, plant and equipment – net	1,468,403	(67,035)	–	1,401,368
Intangible Assets Acquired				
Goodwill	1,439,881	(40,544)	–	1,399,337
Other intangible assets acquired (less accumulated amortization of $168,319)	411,106	(234,534)	–	176,572
Total	1,850,987	(275,078)	–	1,575,909
Miscellaneous Assets	317,532	(11,784)	28,098	333,846
Total Assets	$4,533,037	$ –	$31,041	$4,564,078
Liabilities and Stockholders' Equity				
Current Liabilities				
Commercial paper outstanding	$ 496,450	$ –	$ –	$ 496,450
Accounts payable	201,119	11,782	(4,381)	208,520
Accrued payroll and other related liabilities	100,390	–	–	100,390
Accrued expenses	185,063	–	(4,575)	180,488
Unexpired subscriptions	81,870	–	–	81,870
Current portion of long-term debt and capital lease obligations	1,630	–	–	1,630
Total current liabilities	1,066,522	11,782	(8,956)	1,069,348
Other Liabilities				
Long-term debt	821,962	–	–	821,962
Capital lease obligations	76,338	–	–	76,338
Deferred income taxes	79,806	–	(53,528)	26,278
Pension benefits obligation	272,597	–	107,660	380,257
Postretirement benefits obligation	217,282	–	51,287	268,569
Other	293,306	(11,782)	–	281,524
Total other liabilities	1,761,291	(11,782)	105,419	1,854,928
Minority Interest	188,976	–	–	188,976

(In thousands, except share and per share data)	As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
	As of December 2005			
Stockholders' Equity				
Serial preferred stock of $1 par value – authorized 200,000 shares – none issued				
Common stock of $.10 par value:				
Class A – authorized 300,000,000 shares; issued: 2005 – 150,939,371 (including treasury shares: 2005 - 6,558,299)	$ 15,094	$ –	$ –	$ 15,094
Class B – convertible – authorized 834,242 shares; issued: 2005 – 834,242 (including treasury shares: 2005 - none)	83	–	–	83
Additional paid-in capital	55,148	–	–	55,148
Retained earnings	1,825,763	–	(10,564)	1,815,199
Common stock held in treasury, at cost	(261,964)	–	–	(261,964)
Accumulated other comprehensive income/(loss), net of income taxes:				
Foreign currency translation adjustments	11,498	–	–	11,498
Unrealized derivative gain on cash-flow hedges	1,262	–	–	1,262
Minimum pension liability	(130,357)	–	(54,858)	(185,215)
Unrealized loss on marketable securities	(279)	–	–	(279)
Total accumulated other comprehensive loss, net of income taxes	(117,876)	–	(54,858)	(172,734)
Total stockholders' equity	1,516,248	–	(65,422)	1,450,826
Total Liabilities and Stockholders' Equity	$4,533,037	$ –	$ 31,041	$4,564,078

Consolidated Statements of Cash Flows

(In thousands)	Year Ended December 2005 As Previously Reported	Restatement Adjustments	Restated
Cash Flows from Operating Activities			
Net income	$ 259,753	$ (6,280)	$ 253,473
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	113,480	–	113,480
Amortization	30,289	–	30,289
Stock-based compensation	34,563	–	34,563
Cumulative effect of a change in accounting principle	5,852	–	5,852
Undistributed earnings of affiliates	(919)	–	(919)
Minority interest in net income of subsidiaries	257	–	257
Deferred income taxes	(29,635)	(5,137)	(34,772)
Long-term retirement benefit obligations	2,458	9,678	12,136
Gain on sale of assets	(122,946)	–	(122,946)
Excess tax benefits from stock-based awards	(5,991)	–	(5,991)
Other – net	2,572	–	2,572
Changes in operating assets and liabilities, net of acquisitions/dispositions:			
Accounts receivable – net	(41,265)	6,177	(35,088)
Inventories	554	–	554
Other current assets	29,993	(250)	29,743
Accounts payable	(1,021)	(2,849)	(3,870)
Accrued payroll and accrued expenses	22,052	(1,339)	20,713
Accrued income taxes	(9,934)	–	(9,934)
Unexpired subscriptions	4,199	–	4,199
Net cash provided by operating activities	294,311	–	294,311
Cash Flows from Investing Activities			
Acquisitions	(437,516)	–	(437,516)
Capital expenditures	(221,344)	–	(221,344)
Investments	(19,220)	–	(19,220)
Proceeds on sale of assets	183,173	–	183,173
Other investing payments	(604)	–	(604)
Net cash used in investing activities	(495,511)	–	(495,511)
Cash Flows from Financing Activities			
Commercial paper borrowings – net	161,100	–	161,100
Long-term obligations:			
Increase	497,543	–	497,543
Reduction	(323,490)	–	(323,490)
Capital shares:			
Issuance	14,348	–	14,348
Repurchases	(57,363)	–	(57,363)
Dividends paid to stockholders	(94,535)	–	(94,535)
Excess tax benefits from stock-based awards	5,991	–	5,991
Other financing proceeds – net	811	–	811
Net cash provided by financing activities	204,405	–	204,405
Net increase in cash and cash equivalents	3,205	–	3,205
Effect of exchange rate changes on cash and cash equivalents	(667)	–	(667)
Cash and cash equivalents at the beginning of the year	42,389	–	42,389
Cash and cash equivalents at the end of the year	$ 44,927	$ –	$ 44,927

(In thousands)	Year Ended December 2004 As Previously Reported	Restatement Adjustments	Restated
Cash Flows from Operating Activities			
Net income	$ 292,557	$(4,926)	$ 287,631
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	118,893	–	118,893
Amortization	23,635	–	23,635
Stock-based compensation	4,261	–	4,261
Excess distributed earnings of affiliates	14,750	–	14,750
Minority interest in net income of subsidiaries	589	–	589
Deferred income taxes	3,547	(4,031)	(484)
Long-term retirement benefit obligations	(8,981)	9,741	760
Other – net	(17,153)	–	(17,153)
Changes in operating assets and liabilities, net of acquisitions/dispositions:			
Accounts receivable – net	(3,036)	(382)	(3,418)
Inventories	(3,702)	–	(3,702)
Other current assets	(2,050)	(250)	(2,300)
Accounts payable	114	375	489
Accrued payroll and accrued expenses	7,576	(527)	7,049
Accrued income taxes	11,746	–	11,746
Unexpired subscriptions	1,292	–	1,292
Net cash provided by operating activities	444,038	–	444,038
Cash Flows from Investing Activities			
Capital expenditures	(188,451)	–	(188,451)
Other investing payments	(3,697)	–	(3,697)
Net cash used in investing activities	(192,148)	–	(192,148)
Cash Flows from Financing Activities			
Commercial paper borrowings – net	107,370	–	107,370
Long-term obligations:			
Reduction	(1,824)	–	(1,824)
Capital shares:			
Issuance	41,090	–	41,090
Repurchases	(293,222)	–	(293,222)
Dividends paid to stockholders	(90,127)	–	(90,127)
Other financing payments – net	(12,525)	–	(12,525)
Net cash used in financing activities	(249,238)	–	(249,238)
Net increase in cash and cash equivalents	2,652	–	2,652
Effect of exchange rate changes on cash and cash equivalents	290	–	290
Cash and cash equivalents at the beginning of the year	39,447	–	39,447
Cash and cash equivalents at the end of the year	$ 42,389	$ –	$ 42,389

3. Acquisitions and Dispositions

Calorie-Count.com

In September 2006, the Company acquired Calorie-Count, a site that offers weight loss tools and nutritional information, for approximately $1 million, the majority of which was allocated to goodwill. Calorie-Count is part of About.com.

Baseline

In August 2006, the Company acquired Baseline, a leading online database and research service for information on the film and television industries, for $35.0 million. Baseline is part of NYTimes.com, which is part of the News Media Group.

The Calorie-Count and Baseline acquisitions in 2006 will further expand the Company's online content and functionality as well as continue to diversify the Company's online revenue base.

Based on a preliminary independent valuation of Baseline, the Company has allocated the excess of the purchase price over the carrying amount of net assets acquired as follows: $25.1 million to goodwill and $10.1 million to other intangible assets (primarily content, a customer list and technology).

The preliminary purchase price allocation for Baseline is subject to adjustment when additional information concerning asset and liability valuations is obtained. The final asset and liability fair values may differ from those included in the Company's Consolidated Balance Sheet at December 2006; however, the changes are not expected to have a material effect on the Company's Consolidated Financial Statements.

KAUT-TV

In November 2005, the Company acquired KAUT-TV, a television station in Oklahoma City, for approximately $23 million. KAUT-TV, which is located in the same television market as the Company's station KFOR-TV (a "duopoly"), is part of the Broadcast Media Group.

In January 2007, the Company entered into an agreement to sell its Broadcast Media Group (see Note 5). The goodwill and other intangible assets for KAUT-TV have been reclassified to "Assets held for sale" in the Company's Consolidated Balance Sheets (see Note 5).

About.com

In March 2005, the Company acquired About.com for approximately $410 million to broaden its online content offering, strengthen and diversify its online advertising, extend its reach among Internet users and provide an important platform for future growth. These factors contributed to establishing the purchase price and supported the premium paid over the fair value of tangible and intangible assets. The acquisition was completed after a competitive auction process.

North Bay Business Journal

In February 2005, the Company acquired the North Bay Business Journal , a weekly publication targeting business leaders in California's Sonoma, Napa and Marin counties, for approximately $3 million. North Bay is included in the News Media Group as part of the Regional Media Group.

Based on independent valuations of About.com and North Bay the Company has allocated the excess of the purchase prices over the carrying value of the net assets acquired as follows: About.com- $343.4 million to goodwill and $62.2 million to other intangible assets (primarily content, customer lists); North Bay – $2.1 million to goodwill and $0.9 million to other intangible assets (primarily customer lists).

The Company's Consolidated Financial Statements include the operating results of these acquisitions subsequent to their date of acquisition.

The acquisitions in 2006 and 2005 were funded through a combination of short-term and long-term debt and did not have a material impact on the Company's Consolidated Financial Statements for the periods presented herein.

Sale of Discovery Times Channel Investment

In October 2006, the Company sold its 50% ownership interest in Discovery Times Channel, a digital cable channel, for $100 million. The sale resulted in the Company liquidating its investment of approximately $108 million, which was included in "Investments in joint ventures" in the Company's Consolidated Balance Sheet, and recording a loss of approximately $8 million in "Net income from joint ventures" in the Company's Consolidated Statement of Operations.

4. Goodwill and Other Intangible Assets

Goodwill is the excess of cost over the fair market value of tangible and other intangible net assets acquired. Goodwill is not amortized but tested for impairment annually or if certain circumstances indicate a possible impairment may exist in accordance with FAS 142.

Other intangible assets acquired consist primarily of mastheads and licenses on various acquired properties, customer lists, as well as other assets. Other intangible assets acquired that have indefinite lives (mastheads and licenses) are not amortized but

tested for impairment annually or if certain circumstances indicate a possible impairment may exist. Certain other intangible assets acquired (customer lists and other assets) are amortized over their estimated useful lives. See Note 1 for the Company's policy of goodwill and other intangibles impairment testing.

In 2006, the Company's annual impairment tests resulted in a non-cash impairment charge of $814.4 million ($735.9 million after tax, or $5.09 per share) related to a write-down of intangible assets of the New England Media Group. The New England Media Group, which includes The Boston Globe (the "Globe"), Boston.com and the Worcester Telegram & Gazette, is part of the News Media Group reportable segment. The majority of the charge is not tax deductible because the 1993 acquisition of the Globe was structured as a tax-free stock transaction. The impairment charge, which is included in the line item "Impairment of intangible assets" in the 2006 Consolidated Statement of Operations, is presented below by intangible asset:

(In thousands)	Pre-tax	Tax	After-tax
Goodwill	$782,321	$65,009	$ 717,312
Customer list	25,597	10,751	14,846
Newspaper masthead	6,515	2,736	3,779
Total	$814,433	$78,496	$ 735,937

The impairment of the intangible assets above mainly resulted from declines in current and projected operating results and cash flows of the New England Media Group due to, among other factors, advertiser consolidations in the New England area and increased competition with online media. These factors resulted in the carrying value of the intangible assets being greater than their fair value, and therefore a write-down to fair value was required.

The fair value of goodwill is the residual fair value after allocating the total fair value of the New England Media Group to its other assets, net of liabilities. The total fair value of the New England Media Group was estimated using a combination of a discounted cash flow model (present value of future cash flows) and two market approach models (a multiple of various metrics based on comparable businesses and market transactions).

The fair value of the customer list and newspaper masthead was calculated by estimating the present value of future cash flows associated with each asset.

The changes in the carrying amount of Goodwill in 2006 and 2005 were as follows:

(In thousands)	News Media Group	About.com	Total
Balance as of December 2004	$1,063,883	$ –	$1,063,883
Goodwill acquired during year	2,114	343,689	345,803
Foreign currency translation	(10,349)	–	(10,349)
Balance as of December 2005	1,055,648	343,689	1,399,337
Goodwill acquired during year	25,147	926	26,073
Goodwill adjusted during year	–	(259)	(259)
Impairment	(782,321)	–	(782,321)
Foreign currency translation	8,090	–	8,090
Balance as of December 2006	$ 306,564	$344,356	$ 650,920

Goodwill acquired in 2006 resulted from the acquisition of Baseline and Calorie-Count (see Note 3).

Goodwill acquired in 2005 resulted from the acquisition of About.com and North Bay (see Note 3).

The foreign currency translation line item reflects changes in Goodwill resulting from fluctuating exchange rates related to the consolidation of the International Herald Tribune (the "IHT").

The Broadcast Media Group's results of operations have been presented as discontinued operations, and certain assets and liabilities are classified as held for sale for all periods presented (see Note 5).

Other intangible assets acquired as of December 2006 and 2005 were as follows:

	December 2006			December 2005		
(In thousands)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Amortized other intangible assets:						
Customer lists	**$ 220,935**	**$(196,268)**	**$ 24,667**	$218,326	$ (155,763)	$ 62,563
Other	**63,777**	**(21,704)**	**42,073**	55,018	(12,556)	42,462
Total	**284,712**	**(217,972)**	**66,740**	273,344	(168,319)	105,025
Unamortized other intangible assets:						
Newspaper mastheads	**73,223**	**(6,515)**	**66,708**	71,547	–	71,547
Total other intangible assets acquired	**$ 357,935**	**$(224,487)**	**$133,448**	$344,891	$(168,319)	$176,572

The table above includes other intangible assets related to the acquisitions of About.com, North Bay and Baseline (see Note 3). Additionally, certain amounts in the table above include the foreign currency translation adjustment related to the consolidation of the IHT.

As of December 2006, the remaining weighted-average amortization period is eight years for customer lists and seven years for other intangible assets acquired included in the table above.

Accumulated amortization includes write-downs of $25.6 million in customer lists and $6.5 million in newspaper mastheads related to the impairment charge. Amortization expense related to amortized other intangible assets acquired was $24.4 million in 2006, $24.9 million in 2005 and $17.3 million in 2004. Amortization expense for the next five years related to these intangible assets is expected to be as follows:

(In thousands)

Year	Amount
2007	$13,400
2008	10,500
2009	8,700
2010	8,500
2011	8,200

5. Discontinued Operations

In January 2007, the Company entered into an agreement to sell its Broadcast Media Group, which consists of nine network-affiliated television stations, their related Web sites and the digital operating center, for $575 million. This decision was a result of the Company's ongoing analysis of its business portfolio and will allow the Company to place an even greater emphasis on developing and integrating its print and growing digital resources. The sale is subject to regulatory approvals and is expected to close in the first half of 2007.

In accordance with the provisions of FAS 144, the Broadcast Media Group's results of operations are presented as discontinued operations and certain assets and liabilities are classified as held for sale for all periods presented. The results of operations presented as discontinued operations and the assets and liabilities classified as held for sale are summarized below.

(In thousands)	2006	2005	2004
Revenues	**$156,791**	$139,055	$145,627
Total costs and expenses	**115,370**	111,914	107,244
Pre-tax income	**41,421**	27,141	38,383
Income taxes	**16,693**	11,129	15,737
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(325)	–
Discontinued operations, net of income taxes	**$ 24,728**	$ 15,687	$ 22,646

(In thousands)	December 2006	December 2005
Property, plant & equipment, net	**$ 64,309**	$ 67,035
Goodwill	**41,658**	40,544
Other intangible assets, net	**234,105**	234,534
Other assets	**16,956**	17,039
Assets held for sale	**357,028**	359,152
Program rights liability[1]	**14,931**	15,604
Net assets held for sale	**$342,097**	$343,548

[1] Included in "Accounts payable" in the Consolidated Balance Sheets.

6. Inventories

Inventories as shown in the accompanying Consolidated Balance Sheets were as follows:

(In thousands)	December 2006	December 2005
Newsprint and magazine paper	**$32,594**	$28,190
Other inventory	**4,102**	3,910
Total	**$36,696**	$32,100

Inventories are stated at the lower of cost or current market value. Cost was determined utilizing the LIFO method for 78% of inventory in 2006 and 77% of inventory in 2005. The replacement cost of inventory was approximately $45 million as of December 2006 and $40 million as of December 2005.

7. Investments in Joint Ventures

As of December 2006, the Company's investments in joint ventures consisted of equity ownership interests in the following entities:

Company	Approximate % Ownership
Donohue Malbaie Inc. ("Malbaie")	49%
Metro Boston LLC ("Metro Boston")	49%
Madison Paper Industries ("Madison")	40%
New England Sports Ventures, LLC ("NESV")	17%

The Company's investments above are accounted for under the equity method, and are recorded in "Investments in Joint Ventures" in the Company's Consolidated Balance Sheets. The Company's proportionate shares of the operating results of its investments are recorded in "Net income from joint ventures" in the Company's Consolidated Statements of Operations and in "Investments in Joint Ventures" in the Company's Consolidated Balance Sheets.

In October 2006, the Company sold its 50% ownership interest in Discovery Times Channel (see Note 3).

In March 2005, the Company invested $16.5 million to acquire a 49% interest in Metro Boston, which publishes a free daily newspaper catering to young professionals and students in the Greater Boston area.

The Company owns an interest of approximately 17% in NESV, which owns the Boston Red Sox, Fenway Park and adjacent real estate, approximately 80% of the New England Sports Network, a regional cable sports network, and 50% of Roush Fenway Racing, a leading NASCAR team.

The Company also has investments in a Canadian newsprint company, Malbaie, and a partnership operating a supercalendered paper mill in Maine, Madison (together, the "Paper Mills").

The Company and Myllykoski Corporation, a Finnish paper manufacturing company, are partners through subsidiary companies in Madison. The Company's percentage ownership of Madison, which represents 40%, is through an 80%-owned consolidated subsidiary. Myllykoski Corporation owns a 10% interest in Madison through a 20% minority interest in the consolidated subsidiary of the Company. Myllykoski Corporation's proportionate share of the operating results of Madison is also recorded in "Net income from joint ventures" in the Company's Consolidated Statements of Operations and in "Investments in Joint Ventures" in the Company's Consolidated Balance Sheets. Myllykoski Corporation's minority interest is included in "Minority interest in net loss/(income) of subsidiaries" in the Company's Consolidated Statements of Operations and in "Minority Interest" in the Company's Consolidated Balance Sheets.

The Company received distributions from Madison of $5.0 million in 2006, $5.0 million in 2005 and $10.0 million in 2004.

The Company received distributions from Malbaie of $3.8 million in 2006, $4.1 million in 2005 and $5.0 million in 2004.

During 2006, 2005 and 2004, the Company's News Media Group purchased newsprint and supercalendered paper from the Paper Mills at competitive prices. Such purchases aggregated $80.4 million in 2006, $76.3 million for 2005 and $61.2 million for 2004.

8. Other

Other Income

"Other income" in the Company's Consolidated Statements of Operations includes the following items:

(In thousands)	2005	2004
Non-compete agreement	$4,167	$5,000
Advertising credit	–	3,212
Other income	$4,167	$8,212

The Company entered into a five-year $25 million non-compete agreement in connection with the sale of the Santa Barbara News-Press in 2000. This income was recognized on a straight-line basis over the life of the agreement, which ended in October 2005. The advertising credit relates to credits for advertising the Company issued that were not used within the allotted time by the advertiser.

Staff Reductions

In 2006, the Company recognized staff reduction charges of $34.3 million ($19.7 million after tax, or $.14 per share). In 2005, staff reductions resulted in a total pre-tax charge of $57.8 million ($35.3 million after tax or $.23 per share). Most of the charges in 2006 and 2005 were recognized at the News Media Group. These charges are recorded in "Selling, general and administrative expenses" in the Company's Consolidated Statements of Operations. The Company had a staff reduction liability of $17.9 million and $38.2 million included in "Accrued expenses" in the Company's Consolidated Balance Sheets as of December 2006 and December 2005, respectively.

Other Current Assets

In the second quarter of 2006, the Company's development partner began to repay the Company for its share of costs associated with the Company's new headquarters that the Company previously paid on the development partner's behalf (see Note 19). The amount due to the Company is expected to be fully repaid within one year, and therefore this amount was reclassified from "Miscellaneous assets" to "Other current assets" in the Company's Consolidated Balance Sheet as of December 2006. The amount due to the Company was approximately $66 million as of December 2006.

The Company also has a receivable due from its development partner that is associated with borrowings under a construction loan attributable to the Company's development partner (see Note 9). The amount due to the Company is approximately $125 million and is recorded in "Other current assets" in the Company's Consolidated Balance Sheet as of December 2006.

Cumulative Effect of a Change in Accounting Principle

In March 2005, FASB issued FIN 47, Accounting for Conditional Asset Retirement Obligations—an interpretation of FASB Statement No. 143 ("FIN 47"). FIN 47 requires an entity to recognize a liability for the fair value of a conditional asset retirement obligation if the fair value can be reasonably estimated. FIN 47 states that a conditional asset retirement obligation is a legal obligation to perform an asset retirement activity in which the timing or method of settlement are conditional upon a future event that may or may not be within the control of the entity. FIN 47 was effective no later than the end of fiscal year ending after December 15, 2005. The Company adopted FIN 47 effective December 2005 and accordingly recorded an after-tax charge of $5.5 million or $.04 per diluted share ($9.9 million pre-tax) as a cumulative effect of a change in accounting principle in the Consolidated Statement of Operations. A portion of the 2005 charge has been reclassified to conform to the 2006 presentation of the Broadcast Media Group as a discontinued operation.

The charge relates primarily to those lease agreements that require the Company to restore the land or facilities to their original condition at the end of the leases. The Company was uncertain of the timing of payment for these asset retirement obligations; therefore a liability was not previously recognized in the financial statements under GAAP. On a prospective basis, this accounting change requires recognition of these costs ratably over the lease term. The adoption of FIN 47 resulted in a non-cash addition to Land, buildings and equipment of $12.3 million with a corresponding increase in long-term liabilities.

The assets recorded as of December 2005 were $7.3 million, consisting of gross assets of $12.3 million less accumulated depreciation of $5.0 million. The asset retirement obligation as of December 2006 was $18.7 million, consisting of a liability of $12.3 million and accretion expense of $6.4 million and as of December 2005 was $17.8 million, consisting of a liability of $12.3 million and accretion expense of $5.5 million. As of December 2004, on a pro forma basis, the asset retirement obligation would have been $16.9 million had FIN 47 been applied during the year, consisting of a liability of $12.3 million and accretion expense of $4.6 million. In future periods, when cash is paid upon the settlement of the asset retirement obligation, the payments will be classified as a component of operating cash flow in the Consolidated Statements of Cash Flows.

Sale of Assets

In the first quarter of 2005, the Company recognized a $122.9 million pre-tax gain from the sale of assets. The Company completed the sale of its current headquarters in New York City for $175.0 million and entered into a lease for the building with the purchaser/lessor through 2007, when the Company expects to occupy its new headquarters (see Note 19). This transaction has been accounted for as a sale-leaseback. The sale resulted in a

total pre-tax gain of $143.9 million, of which $114.5 million ($63.3 million after tax or $.43 per share) was recognized in the first quarter of 2005. The remainder of the gain is being deferred and amortized over the lease term. The lease requires the Company to pay rent over the lease term to the purchaser/lessor and will result in rent expense that will be offset by the amount of the gain being deferred and amortized. In addition, the Company sold property in Sarasota, Fla., which resulted in a pre-tax gain in the first quarter of 2005 of $8.4 million ($5.0 million after tax or $.03 per diluted share).

9. Debt

Long-term debt consists of the following:

(In thousands)	December 2006	December 2005
4.625%-7.125% Series I Medium-Term Notes due 2007 through 2009, net of unamortized debt costs of $372 in 2006 and $612 in 2005[1]	**$250,128**	$249,888
4.5% Notes due 2010, net of unamortized debt costs of $1,452 in 2006 and $1,860 in 2005[2]	**248,548**	248,140
4.610% Medium-Term Notes Series II due 2012, net of unamortized debt costs of $691 in 2006 and $793 in 2005[3]	**74,309**	74,207
5.0% Notes due 2015, net of unamortized debt costs of $249 in 2006 and $273 in 2005[2]	**249,751**	249,727
Total notes and debentures	**822,736**	821,962
Less: current portion	**(101,946)**	–
Total long-term debt	**$720,790**	$821,962

(1) On August 21, 1998, the Company filed a $300.0 million shelf registration on Form S-3 with the Securities and Exchange Commission ("SEC") for unsecured debt securities to be issued by the Company from time to time. The registration statement became effective August 28, 1998. On September 24, 1998, the Company filed a prospectus supplement to allow the issuance of up to $300.0 million in medium-term notes (Series I) of which no amount remains available as of December 2006.

(2) On March 17, 2005, the Company issued $250.0 million 5-year notes maturing March 15, 2010, at an annual rate of 4.5%, and $250.0 million 10-year notes maturing March 15, 2015, at an annual rate of 5.0%. Interest is payable semi-annually on March 15 and September 15 on both series of notes.

(3) On July 26, 2002, the Company filed a $300.0 million shelf registration statement on Form S-3 with the SEC for unsecured debt securities that may be issued by the Company from time to time. The registration statement became effective on August 6, 2002. On September 17, 2002, the Company filed a prospectus supplement to allow the issuance of up to $300.0 million in medium-term notes (Series II). As of December 2006, the Company had issued $75.0 million of medium-term notes under this program.

The Company's total debt, including commercial paper, capital lease obligations and a construction loan (see below), amounted to $1.4 billion as of December 2006 and December 2005. Total unused borrowing capacity under all financing arrangements was $572.1 million as of December 2006.

Until January 2007, the Company was a co-borrower under a $320 million non-recourse construction loan in connection with the construction of its new headquarters. The Company did not draw down on the construction loan, which is being used by its development partner. However, as a co-borrower, the Company was required to record the amount outstanding of the construction loan on its financial statements. The Company also recorded a receivable, due from its development partner, for the same amount outstanding under the construction loan. As of December 2006, $124.7 million was outstanding under the construction loan. See Notes 19 and 20 for additional information related to the Company's new headquarters.

In the third quarter of 2006, the Company increased the amount available under its commercial paper program, which is supported by the revolving credit agreements described below, to $725 million from $600 million. Commercial paper issued by the Company is unsecured and can have maturities of up to 270 days. The Company had $422.0 million in commercial paper outstanding as of December 2006, with an annual weighted average interest rate of 5.5% and an average of 63 days to maturity from original issuance. The Company had $496.5 million in commercial paper outstanding as of December 2005, with an annual weighted average interest rate of 4.3% and an average of 53 days to maturity from original issuance.

The primary purpose of the Company's revolving credit agreements is to support the Company's commercial paper program. In addition, these revolving credit agreements provide a facility for the issuance of letters of credit. In June 2006, the Company replaced its $270 million multi-year credit agreement with a $400 million credit agreement maturing in June 2011. Of the total $800 million available under the two revolving credit agreements ($400 million credit agreement maturing in May 2009 and $400 million credit agreement maturing in June 2011), the Company has issued letters of credit of approximately $31 million. The remaining balance of approximately $769 million supports the Company's commercial paper program discussed above. There were no borrowings outstanding under

the revolving credit agreements as of December 2006 or 2005.

Any borrowings under the revolving credit agreements bear interest at specified margins based on the Company's credit rating, over various floating rates selected by the Company.

The revolving credit agreements contain a covenant that requires specified levels of stockholders' equity (as defined in the agreements). As of December 2006, the amount of stockholders' equity in excess of the required levels was approximately $618 million. The lenders under the revolving credit agreements have waived, effective December 31, 2006, any defaults that may have arisen under the agreements due to inclusion in previously issued financial statements of the reporting errors that led to the restatement described in Note 2.

The Company's five-year 5.350% Series I medium-term notes aggregating $50 million mature on April 16, 2007, and its five-year 4.625% Series I medium-term notes aggregating $52 million mature on June 25, 2007.

On March 15, 2005, the Company redeemed all of its $71.9 million outstanding 8.25% debentures, callable on March 15, 2005, and maturing on March 15, 2025, at a redemption price of 103.76% of the principal amount. The redemption premium and unamortized issuance costs resulted in a loss from the extinguishment of debt of $4.8 million and is included in "Interest expense-net" in the Company's 2005 Consolidated Statement of Operations.

Based on borrowing rates currently available for debt with similar terms and average maturities, the fair value of the Company's long-term debt was $801.0 million as of December 2006 and $812.3 million as of December 2005.

The aggregate face amount of maturities of long-term debt over the next five years and thereafter is as follows:

(In thousands)	Amount
2007	$102,000
2008	49,500
2009	99,000
2010	250,000
2011	–
Thereafter	325,000
Total face amount of maturities	825,500
Less: Current portion of long-term debt	(101,946)
Total long-term debt	723,554
Less: Unamortized debt costs	(2,764)
Carrying value of long-term debt	**$720,790**

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

(In thousands)	2006	2005	2004
Interest expense	**$73,512**	$60,018	$51,372
Loss from extinguishment of debt	**–**	4,767	–
Interest income	**(7,930)**	(4,462)	(2,431)
Capitalized interest	**(14,931)**	(11,155)	(7,181)
Interest expense, net	**$50,651**	$49,168	$41,760

10. Derivative Instruments

In 2006 and 2005, the Company terminated forward starting swap agreements designated as cash-flow hedges as defined under FAS No. 133, as amended, Accounting for Derivative Instruments and Hedging Activities ("FAS 133"), because the debt for which these agreements were entered into was not issued. The termination of these agreements resulted in a gain of approximately $1 million in 2006.

In the first quarter of 2005, the Company terminated its forward starting swap agreements entered into in 2004 that were designated as cash-flow hedges as defined under FAS 133. The forward starting swap agreements, which had notional amounts totaling $90.0 million, were intended to lock in fixed interest rates on the issuance of debt in March 2005. The Company terminated the forward starting swap agreements in connection with the issuance of its 10-year $250.0 million notes maturing on March 15, 2015. The termination of the forward starting swap agreements resulted in a gain of approximately $2 million, which is being amortized into income through March 2015 as a reduction of interest expense related to the Company's 10-year notes.

In the first quarter of 2005, the Company's interest rate swap agreements ("swap agreements"), designated as fair-value hedges as defined under FAS 133, expired in connection with the Company's repayment of its 10-year $250.0 million notes that matured March 15, 2005. These swap agreements, which had notional amounts totaling $100.0 million, were entered into to exchange the fixed interest rate on a portion of the Company's 10-year notes for a variable interest rate. On the maturity date of the 10-year notes, the fair value of the swap agreements decreased to zero.

11. Income Taxes

Income tax expense for each of the years presented is determined in accordance with FAS 109. Reconciliations between the effective tax rate on income before income taxes and the federal statutory rate are presented below.

	2006		2005		2004	
(In thousands)	Amount	% of Pretax	Amount	% of Pretax	Amount	% of Pretax
Tax at federal statutory rate	**$(193,173)**	**35.0%**	$142,642	35.0%	$150,257	35.0%
State and local taxes - net	**2,319**	**(0.4)**	19,714	4.8	16,447	3.8
Impairment of nondeductible goodwill	**219,638**	**(39.8)**	–	–	–	–
Other – net	**(12,176)**	**2.2**	1,620	0.4	(2,973)	(0.7)
Income tax expense	**$ 16,608**	**(3.0%)**	$163,976	40.2%	$163,731	38.1%

The components of income tax expense as shown in the Consolidated Statements of Operations were as follows:

(In thousands)	2006	2005	2004
Current tax expense			
Federal	**$ 112,586**	$157,828	$137,128
Foreign	**739**	675	683
State and local	**43,187**	40,245	26,404
Total current tax expense	**156,512**	198,748	164,215
Deferred tax expense/ (benefit)			
Federal	**(89,367)**	(21,841)	9,781
Foreign	**(10,918)**	(3,017)	(7,864)
State and local	**(39,619)**	(9,914)	(2,401)
Total deferred tax (benefit)/ expense	**(139,904)**	(34,772)	(484)
Income tax expense	**$ 16,608**	$163,976	$163,731

State tax operating loss carryforwards ("loss carryforwards") totaled $2.3 million as of December 2006 and $3.5 million as of December 2005. Such loss carryforwards expire in accordance with provisions of applicable tax laws and have remaining lives generally ranging from 1 to 5 years. Certain loss carryforwards are likely to expire unused. Accordingly, the Company has valuation allowances amounting to $1.2 million as of December 2006 and $2.2 million as of December 2005.

In 2006 the Company's valuation allowance decreased by $1 million due primarily to the write-off of a loss carryforward that had expired.

In 2005 the Company established a $0.4 million valuation allowance against loss carryforwards, resulting in an increase in tax expense by this amount.

The components of the net deferred tax assets and liabilities recognized in the Company's Consolidated Balance Sheets were as follows:

	December	
(In thousands)	2006	2005
Deferred tax assets		
Retirement, postemployment and deferred compensation plans	**$371,859**	$328,350
Accruals for other employee benefits, compensation, insurance and other	**52,903**	50,331
Accounts receivable allowances	**9,100**	9,940
Other	**120,215**	97,269
Gross deferred tax assets	**554,077**	485,890
Valuation allowance	**(1,227)**	(2,184)
Net deferred tax assets	**$552,850**	$483,706
Deferred tax liabilities		
Property, plant and equipment	**$226,435**	$245,416
Intangible assets	**69,507**	132,496
Investments in joint ventures	**21,137**	33,539
Other	**36,361**	30,415
Gross deferred tax liabilities	**353,440**	441,866
Net deferred tax asset	**$199,410**	$ 41,840
Amounts recognized in the Consolidated Balance Sheets		
Deferred tax asset – current	**$ 73,729**	$ 68,118
Deferred tax asset – long term	**125,681**	
Deferred tax liability – long term	**–**	26,278
Net deferred tax asset	**$199,410**	$ 41,840

Income tax benefits related to the exercise of equity awards reduced current taxes payable and increased additional paid-in capital by $1.9 million in 2006, $6.0 million in 2005 and $13.5 million in 2004.

As of December 2006 and 2005, "Accumulated other comprehensive income, net of income taxes" in the Company's Consolidated Balance Sheets and for the years then ended in the Consolidated Statements of Changes in Stockholders' Equity was net of a deferred income tax asset of approximately $152 million and $142 million, respectively.

The Internal Revenue Service has completed its examination of federal income tax returns through 2003. In addition, there are various state and local audits in progress for periods from 2000 through 2005. The Company does not believe that the completion of these audits will have a material effect on the Company's Consolidated Financial Statements.

The Company's policy is to establish a tax contingency liability for potential tax audit issues. The tax contingency liability is based on the Company's estimate of whether additional taxes will be due in the future. Any additional taxes due will be determined only upon the completion of current and future tax audits. The timing of such payments cannot be determined, but the Company expects that they will not be made within one year. Therefore, the tax contingency liability is included in "Other Liabilities—Other" in the Company's Consolidated Balance Sheets.

12. Pension Benefits

The Company sponsors several pension plans and makes contributions to several others, in connection with collective bargaining agreements, that are considered multi-employer pension plans. These plans cover substantially all employees.

The Company-sponsored plans include qualified (funded) plans as well as non-qualified (unfunded) plans. These plans provide participating employees with retirement benefits in accordance with benefit formulas detailed in each plan. The Company's non-qualified plans provide retirement benefits only to certain highly compensated employees of the Company.

The Company also has a foreign-based pension plan for certain IHT employees (the "Foreign plan"). The information for the Foreign plan is combined with the information for U.S. non-qualified plans. The benefit obligation of the Foreign plan is immaterial to the Company's total benefit obligation.

The information included in this Note reflects, for all periods presented, a pension plan between the Company and its subsidiaries, on the one hand, and The New York Times Newspaper Guild, on the other. Prior to the fourth quarter of 2006, this pension plan was accounted for as a multi-employer pension plan. The Company has concluded that it should have been accounted for as a single-employer pension plan. Therefore, the Company has restated all prior period information to account for this plan under FAS 87 (see Note 2).

The Company adopted FAS 158, on December 31, 2006. FAS 158 requires an entity to recognize the funded status of its defined pension plans – measured as the difference between plan assets at fair value and the benefit obligation – on the balance sheet and to recognize changes in the funded status, that arise during the period but are not recognized as components of net periodic benefit cost, within other comprehensive income, net of income taxes. Since the full recognition of the funded status of an entity's defined benefit pension plan is recorded on the balance sheet, an additional minimum liability ("AML") is no longer recorded under FAS 158. However, because the recognition provisions of FAS 158 were adopted as of December 31, 2006, the Company first measured and recorded changes to its previously recognized AML through other comprehensive income and then applied the recognition provisions of FAS 158 through accumulated other comprehensive income to fully recognize the funded status of the Company's defined benefit pension plans.

The following table provides the incremental effect of applying FAS 158 on individual balance sheet line items.

(In thousands)	Pre-FAS 158 & without AML Adjustment	2006 AML Adjustment	FAS 158 Adoption Adjustment	Ending Balance
Noncurrent-pension asset	$ 13,517	$ –	$ (5,600)	$ 7,917
Noncurrent-intangible pension asset	13,990	(5,704)	(8,286)	–
Current-pension benefits obligation	–	–	(13,340)	(13,340)
Deferred income tax asset[a]	141,426	(79,405)	78,071	140,092
Noncurrent-pension benefits obligation	(420,488)	190,006	(153,795)	(384,277)
Accumulated other comprehensive loss, net of income taxes	184,060	(104,897)	102,950	182,113

[a] Represents deferred tax asset netted within accumulated other comprehensive loss.

Net periodic pension cost and other amounts recognized in other comprehensive income for all Company-sponsored pension plans were as follows:

	2006			2005			2004		
(In thousands)	Qualified Plans	Non-Qualified Plans	All Plans	Qualified Plans	Non-Qualified Plans	All Plans	Qualified Plans	Non-Qualified Plans	All Plans
Components of net periodic pension cost									
Service cost	**$ 51,797**	**$ 2,619**	**$ 54,416**	$ 47,601	$ 2,342	$ 49,943	$ 43,076	$ 2,155	$ 45,231
Interest cost	**89,013**	**12,164**	**101,177**	85,070	11,435	96,505	81,455	11,160	92,615
Expected return on plan assets	**(112,607)**	**–**	**(112,607)**	(102,956)	–	(102,956)	(94,865)	–	(94,865)
Recognized actuarial loss	**23,809**	**6,665**	**30,474**	22,763	4,795	27,558	22,957	4,111	27,068
Amortization of prior service cost	**1,457**	**70**	**1,527**	1,493	70	1,563	1,493	259	1,752
Effect of curtailment	**512**	**–**	**512**	–	–	–	–	–	–
Effect of special termination benefits	**–**	**–**	**–**	–	796	796	–	–	–
Net periodic pension cost	**$ 53,981**	**$ 21,518**	**$ 75,499**	$ 53,971	$19,438	$ 73,409	$ 54,116	$17,685	$ 71,801

The estimated actuarial loss and prior service cost that will be amortized from accumulated other comprehensive income into net periodic pension cost over the next fiscal year are $16.2 million and $1.5 million, respectively.

In connection with collective bargaining agreements, the Company contributes to several multi-employer pension plans. Contributions are made in accordance with the formula in the relevant agreements. Pension cost for these plans is not reflected above and was approximately $16 million in 2006 and 2005 and $17 million in 2004.

The changes in the benefit obligation and plan assets as of December 2006 and December 2005, for all Company-sponsored pension plans, were as follows:

(In thousands)	2006 Qualified Plans	2006 Non-Qualified Plans	2006 All Plans	2005 Qualified Plans	2005 Non-Qualified Plans	2005 All Plans
Change in benefit obligation						
Benefit obligation at beginning of year	**$1,652,890**	**$ 228,129**	**$1,881,019**	$1,495,141	$ 202,403	$ 1,697,544
Service cost	**51,797**	**2,619**	**54,416**	47,601	2,342	49,943
Interest cost	**89,013**	**12,164**	**101,177**	85,070	11,435	96,505
Plan participants' contributions	**67**	**–**	**67**	71	–	71
Actuarial (gain)/loss	**(110,148)**	**18,615**	**(91,533)**	86,641	23,849	110,490
Special termination benefits/curtailments	**(1,864)**	**(425)**	**(2,289)**	–	796	796
Benefits paid	**(78,122)**	**(13,605)**	**(91,727)**	(61,634)	(12,307)	(73,941)
Effects of change in currency conversion	**–**	**332**	**332**	–	(389)	(389)
Benefit obligation at end of year	**1,603,633**	**247,829**	**1,851,462**	1,652,890	228,129	1,881,019
Change in plan assets						
Fair value of plan assets at beginning of year	**1,329,264**	**–**	**1,329,264**	1,262,152	–	1,262,152
Actual return on plan assets	**195,278**	**–**	**195,278**	74,123	–	74,123
Employer contributions	**15,275**	**13,605**	**28,880**	54,552	12,307	66,859
Plan participants' contributions	**67**	**–**	**67**	71		71
Benefits paid	**(78,122)**	**(13,605)**	**(91,727)**	(61,634)	(12,307)	(73,941)
Fair value of plan assets at end of year	**1,461,762**	**–**	**1,461,762**	1,329,264	–	1,329,264
Funded status	**(141,871)**	**(247,829)**	**(389,700)**	(323,626)	(228,129)	(551,755)
Unrecognized actuarial loss	**–**	**–**	**–**	428,996	88,222	517,218
Unrecognized prior service cost	**–**	**–**	**–**	12,605	1,334	13,939
Net amount recognized	**$ (141,871)**	**$ (247,829)**	**$ (389,700)**	$ 117,975	$ (138,573)	$ (20,598)
Amount recognized in the Consolidated Balance Sheets						
Noncurrent assets	**$ 7,917**	**$ –**	**$ 7,917**	$ –	$ –	$ –
Current liabilities	**–**	**(13,340)**	**(13,340)**	–	–	–
Noncurrent liabilities	**(149,788)**	**(234,489)**	**(384,277)**	–	–	–
Pension asset	**–**	**–**	**–**	20,182	–	20,182
Accrued benefit cost	**–**	**–**	**–**	(182,305)	(197,952)	(380,257)
Intangible asset	**–**	**–**	**–**	12,656	1,334	13,990
Accumulated other comprehensive loss	**–**	**–**	**–**	267,442	58,045	325,487
Net amount recognized	**$ (141,871)**	**$ (247,829)**	**$ (389,700)**	$ 117,975	$ (138,573)	$ (20,598)
Amount recognized in Accumulated other comprehensive income						
Actuarial loss	**$ 210,505**	**$ 99,801**	**$ 310,306**	$ –	$ –	$ –
Prior service cost	**10,635**	**1,264**	**11,899**	–	–	–
Total	**$ 221,140**	**$ 101,065**	**$ 322,205**	$ –	$ –	$ –

The accumulated benefit obligation for all pension plans was $1.7 billion as of December 2006 and December 2005.

Information for pension plans with an accumulated benefit obligation in excess of plan assets as of December 2006 and December 2005 was as follows:

(In thousands)	2006	2005
Projected benefit obligation	**$568,666**	$1,881,019
Accumulated benefit obligation	**$512,444**	$1,689,267
Fair value of plan assets	**$230,218**	$1,329,264

Additional information about the Company's pension plans were as follows:

(In thousands)	2006	2005
(Decrease)/Increase in minimum pension liability included in other comprehensive income	**$(184,303)**	$94,440

Weighted-average assumptions used in the actuarial computations to determine benefit obligations as of December 2006 and December 2005, were as follows:

(Percent)	2006	2005
Discount rate	**6.00%**	5.50%
Rate of increase in compensation levels	**4.50%**	4.50%

Weighted-average assumptions used in the actuarial computations to determine net periodic pension cost were as follows:

(Percent)	2006	2005	2004
Discount rate	**5.50%**	5.75%	6.00%
Rate of increase in compensation levels	**4.50%**	4.50%	4.50%
Expected long-term rate of return on assets	**8.75%**	8.75%	8.75%

The Company selects its discount rate utilizing a methodology that equates the plans' projected benefit obligations to a present value calculated using the Citigroup Pension Discount Curve.

The methodology described above includes producing a cash flow of annual accrued benefits as defined under the Projected Unit Cost Method as provided by FAS 87. For active participants, service is projected to the end of the current measurement date and benefit earnings are projected to the date of termination. The projected plan cash flow is discounted to the measurement date using the Annual Spot Rates provided in the Citigroup Pension Discount Curve. A single discount rate is then computed so that the present value of the benefit cash flow (on a projected benefit obligation basis as described above) equals the present value computed using the Citigroup annual rates. The discount rate determined on this basis increased to 6.00% as of December 2006 from 5.50% as of December 2005.

In determining the expected long-term rate of return on assets, the Company evaluated input from its investment consultants, actuaries and investment management firms, including their review of asset class return expectations, as well as long-term historical asset class returns. Projected returns by such consultants and economists are based on broad equity and bond indices. Additionally, the Company considered its historical 10-year and 15-year compounded returns, which have been in excess of the Company's forward-looking return expectations.

The Company's pension plan weighted-average asset allocations as of December 2006 and December 2005, by asset category, were as follows:

	Percentage of Plan Assets	
Asset Category	**2006**	**2005**
Equity securities	**76%**	75%
Debt securities	**20%**	22%
Real estate	**4%**	3%
Total	**100%**	100%

The Company's investment policy is to maximize the total rate of return (income and appreciation) with a view to the long-term funding objectives of the pension plans. Therefore, the pension plan assets are diversified to the extent necessary to minimize risks and to achieve an optimal balance between risk and return and between income and growth of assets through capital appreciation.

The Company's policy is to allocate pension plan funds within a range of percentages for each major asset category as follows:

	% Range
Equity securities	65-75%
Debt securities	17-28%
Real estate	0-5%
Other	0-5%

The Company may direct the transfer of assets between investment managers in order to rebalance the portfolio in accordance with asset allocation ranges above to accomplish the investment objectives for the pension plan assets.

In 2006 and 2005, the Company made contributions of $15.3 million and $54.6 million, respectively, to its qualified pension plans. Although the Company does not have any quarterly funding requirements in 2007 (under the Employee Retirement Income Security Act of 1974, as amended, and Internal Revenue Code requirements), the Company will make contractual funding contributions of approximately $13 million in connection with The New York Times Newspaper Guild pension plan. We may elect to make additional contributions to our other pension plans. The amount of these contributions, if any, would be based on the results of the January 1, 2007 valuation, market performance and interest rates in 2007 as well as other factors. Assuming that the Company achieves an 8.75% return on pension assets, that interest rates are stable

and that there are no changes to the Company's benefits structure in 2007, it expects making contributions in 2007 in the same range as the contributions made in 2006.

The following benefit payments (net of plan participant contributions for non-qualified plans) under the Company's pension plans, which reflect expected future services, are expected to be paid:

	Plans		
(In thousands)	Qualified	Non-Qualified	Total
2007	$ 54,325	$ 13,340	$ 67,665
2008	55,694	13,455	69,149
2009	57,656	13,812	71,468
2010	59,426	14,061	73,487
2011	61,834	14,586	76,420
2012-2016	375,340	86,210	461,550

The amount of cost recognized for defined contribution benefit plans was $14.3 million for 2006, $13.4 million for 2005 and $13.0 million for 2004.

13. Postretirement and Postemployment Benefits

The Company provides health and life insurance benefits to retired employees (and their eligible dependents) who are not covered by any collective bargaining agreements if the employees meet specified age and service requirements. The Company's policy is to pay its portion of insurance premiums and claims from Company assets.

In addition, the Company contributes to a postretirement plan under the provisions of a collective bargaining agreement. The information included in this Note reflects, for all periods presented, a postretirement plan between the Company and its subsidiaries, on the one hand, and The New York Times Newspaper Guild, on the other. Prior to the fourth quarter of 2006, this postretirement plan was accounted for as a multi-employer plan. The Company has concluded that it should have been accounted for as a single-employer plan. Therefore, the Company has restated all prior periods to account for this plan under FAS 106 (see Note 2). The Company's postretirement liability to the Guild union employees is capped at the present value of expected future contributions allocated to retiree coverage under the collective bargaining agreement.

In accordance with FAS 106, the Company accrues the costs of postretirement benefits during the employees' active years of service.

The Company adopted FAS 158 on December 31, 2006. FAS 158 requires an entity to recognize the funded status of its postretirement plans on the balance sheet and to recognize changes in the funded status, that arise during the period but are not recognized as components of net periodic benefit cost, within other comprehensive income, net of income taxes. The 2006 disclosure below includes the recognition provisions of FAS 158. The following table provides the incremental effect of applying FAS 158 on individual balance sheet line items.

(In thousands)	Pre-FAS 158 Adjustment	FAS 158 Adoption Adjustment	Post-FAS 158 Adjustment
Current-postretirement benefits obligation	$ –	$(13,205)	$ (13,205)
Deferred income tax asset[(a)]	–	11,293	11,293
Noncurrent-postretirement benefits obligation	(273,620)	16,880	(256,740)
Accumulated other comprehensive loss, net of income taxes	–	(14,968)	(14,968)

[(a)] Represents deferred tax asset netted within accumulated other comprehensive loss.

In accordance with the adoption of FAS 158, the Company recorded income of $3.7 million (before deferred taxes) to accumulated other comprehensive income. Included within this amount is an actuarial gain related to the Retiree Drug Subsidy (see below) which is non-taxable. Therefore, the deferred tax amount included in the table above does not include deferred taxes on the gain related to the Retiree Drug Subsidy.

Net periodic postretirement cost was as follows:

(In thousands)	2006	2005	2004
Components of net periodic postretirement benefit cost			
Service cost	**$ 9,502**	$ 8,736	$ 8,104
Interest cost	**14,668**	14,594	14,393
Expected return on plan assets	**(40)**	(108)	(171)
Recognized actuarial loss	**2,971**	4,724	1,956
Amortization of prior service credit	**(7,176)**	(6,176)	(6,409)
Net periodic postretirement benefit cost	**$19,925**	$21,770	$17,873

The estimated actuarial loss and prior service credit that will be amortized from accumulated other comprehensive income into net periodic benefit cost over the next fiscal year is $3.6 million and $8.3 million, respectively.

In connection with collective bargaining agreements, the Company contributes to several welfare plans. Contributions are made in accordance with the formula in the relevant agreement. Postretirement costs related to these welfare plans are not reflected above and were approximately $24 million in 2006, $23 million in 2005 and $21 million in 2004.

The accrued postretirement benefit liability and the change in benefit obligation as of December 2006 and December 2005 were as follows:

(In thousands)	**2006**	**2005**
Change in benefit obligation		
Benefit obligation at beginning of year	**$ 284,646**	$ 260,701
Service cost	**9,502**	8,736
Interest cost	**14,668**	14,594
Plan participants' contributions	**2,855**	2,370
Plan amendments	**(28,628)**	–
Benefits paid	**(19,569)**	(17,527)
Medicare subsidies received	**905**	–
Actuarial loss	**5,566**	15,772
Benefit obligation at the end of year	**269,945**	284,646
Change in plan assets		
Fair value of plan assets at beginning of year	**1,135**	2,194
Actual return on plan assets	**(178)**	(467)
Employer contributions	**14,852**	14,565
Plan participants' contributions	**2,855**	2,370
Benefits paid	**(19,569)**	(17,527)
Medicare subsidies received	**905**	–
Fair value of plan assets at end of year	**–**	1,135
Funded status	**(269,945)**	(283,511)
Unrecognized actuarial loss	**–**	74,207
Unrecognized prior service credit	**–**	(59,265)
Net amount recognized	**$(269,945)**	**$(268,569)**
Amount recognized in the Consolidated Balance Sheets		
Current liabilities	**$ (13,205)**	$ –
Noncurrent liabilities	**(256,740)**	–
Accrued benefit cost	**–**	(268,569)
Net amount recognized	**$(269,945)**	**$(268,569)**
Amount recognized in Accumulated other comprehensive income		
Prior service credit	**$ (80,718)**	$ –
Actuarial loss	**77,043**	–
Total	**$ (3,675)**	$ –

The Company adopted FASB Staff Position No. 106-2, in connection with the Medicare Prescription Drug Improvement and Modernization Act of 2003 ("Medicare Reform Act"). Pursuant to the Medicare Reform Act, through December 2005, the Company integrated its postretirement benefit plan with Medicare (the "Integration Method"). Under this option benefits paid by the Company are offset by Medicare. Beginning in 2006, the Company elected to receive the Medicare retiree drug subsidy ("Retiree Drug Subsidy") instead of the benefit under the Integration Method. The Company's accumulated benefit obligation was reduced by $47.5 million due to the Retiree Drug Subsidy.

The Retiree Drug Subsidy reduced net periodic postretirement benefit cost in 2006 as follows:

Service cost	$2,060
Interest cost	2,817
Net amortization and deferral of actuarial loss	2,128
Total	$ 7,005

In February 2006 the Company announced amendments, such as the elimination of retiree-medical benefits to new employees and the elimination of life insurance benefits to new retirees, to its postretirement benefit plan effective January 1, 2007. In addition, effective February 1, 2007 certain retirees at the New England Media Group were moved to a new benefits plan. In connection with this change, the insurance premiums were reduced while benefits remained comparable to that of the previous benefits plan. These changes will reduce the future obligations and expense to the Company under these plans.

Weighted-average assumptions used in the actuarial computations to determine the postretirement benefit obligations as of December 2006 and December 2005 were as follows:

	2006	**2005**
Discount rate	**6.00%**	5.50%
Estimated increase in compensation level	**4.50%**	4.50%

Weighted-average assumptions used in the actuarial computations to determine net periodic postretirement cost were as follows:

	2006	**2005**	**2004**
Discount rate	**5.50%**	5.75%	6.00%
Estimated increase in compensation level	**4.50%**	4.50%	4.50%

The assumed health-care cost trend rates as of December 2006 and December 2005, were as follows:

	2006	2005
Health-care cost trend rate assumed for next year:		
Medical	**6.75%-8.50%**	7.00%-9.00%
Prescription	**10.50%**	11.50%
Rate to which the cost trend rate is assumed to decline (ultimate trend rate)	**5.00%**	5.00%
Year that the rate reaches the ultimate trend rate	**2013**	2013

Assumed health-care cost trend rates have a significant effect on the amounts reported for the health-care plans. A one-percentage point change in assumed health-care cost trend rates would have the following effects:

	One-Percentage Point	
(In thousands)	Increase	Decrease
Effect on total service and interest cost for 2006	$ 3,547	$ (2,854)
Effect on accumulated postretirement benefit obligation as of December 2006	$32,094	$(25,766)

The following benefit payments (net of plan participant contributions) under the Company's postretirement plan, which reflect expected future services, are expected to be paid:

(In thousands)	Amount
2007	$ 14,328
2008	13,896
2009	14,602
2010	15,208
2011	15,783
2012-2016	90,709

The Company expects to receive cash payments of approximately $18 million related to the Retiree Drug Subsidy from 2007 through 2016. The benefit payments in the above table are not reduced for the Retiree Drug Subsidy.

In accordance with FAS No. 112, Employers' Accounting for Postemployment Benefits, the Company accrues the cost of certain benefits provided to former or inactive employees after employment but before retirement (such as workers' compensation, disability benefits and health-care continuation coverage) during the employees' active years of service. The accrued cost of these benefits amounted to $9.8 million as of December 2006 and $10.1 million as of December 2005.

14. Other Liabilities

The components of the "Other Liabilities—Other" balance in the Company's Consolidated Balance Sheets were as follows:

	December	
	2006	2005
Deferred compensation (see below)	**$142,843**	$ 137,973
Other liabilities	**153,235**	143,551
Total	**$296,078**	$281,524

Deferred compensation consists primarily of deferrals under a Company-sponsored deferred executive compensation plan (the "DEC plan"). The DEC plan obligation is recorded at fair market value and was $137.0 million as of December 2006 and $130.1 million as of December 2005.

The DEC plan enables certain eligible executives to elect to defer a portion of their compensation on a pre-tax basis. The deferrals are initially for a period of a minimum of two years after which time taxable distributions must begin unless the period is extended by the participant. Employees' contributions earn income based on the performance of investment funds they select.

The Company invests deferred compensation in life insurance products designed to closely mirror the performance of the investment funds that the participants select. The Company's investments in life insurance products are recorded at fair market value and are included in "Miscellaneous Assets" in the Company's Consolidated Balance Sheets, and were $137.6 million as of December 2006 and $129.3 million as of December 2005.

Other liabilities in the preceding table above primarily include the Company's tax contingency and worker's compensation liability.

15. Earnings Per Share

Basic and diluted earnings per share were as follows:

(In thousands, except per share data)	2006	2005	2004
BASIC (LOSS)/EARNINGS PER SHARE COMPUTATION			
Numerator			
(Loss)/income from continuing operations	**$(568,171)**	$243,313	$264,985
Discontinued operations, net of income taxes – Broadcast Media Group	**24,728**	15,687	22,646
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(5,527)	–
Net (loss)/income	**$(543,443)**	$253,473	$287,631
Denominator			
Average number of common shares outstanding	**144,579**	145,440	147,567
(Loss)/income from continuing operations	**$ (3.93)**	$ 1.67	$ 1.80
Discontinued operations, net of income taxes – Broadcast Media Group	**0.17**	0.11	0.15
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(0.04)	–
Net (loss)/income	**$ (3.76)**	$ 1.74	$ 1.95
DILUTED (LOSS)/EARNINGS PER SHARE COMPUTATION			
Numerator			
(Loss)/income from continuing operations	**$(568,171)**	$243,313	$264,985
Discontinued operations, net of income taxes – Broadcast Media Group	**24,728**	15,687	22,646
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(5,527)	–
Net (loss)/income	**$(543,443)**	$253,473	$287,631
Denominator			
Average number of common shares outstanding	**144,579**	145,440	147,567
Incremental shares for assumed exercise of securities	**–**	437	1,790
Total shares	**144,579**	145,877	149,357
(Loss)/income from continuing operations	**$ (3.93)**	$ 1.67	$ 1.78
Discontinued operations, net of income taxes – Broadcast Media Group	**0.17**	0.11	0.15
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(0.04)	–
Net (loss)/income	**$ (3.76)**	$ 1.74	$ 1.93

In 2005 and 2004, the difference between basic and diluted shares is primarily due to the assumed exercise of stock options included in the diluted earnings per share computation. In 2006, potential common shares were not included in diluted shares because the loss from continuing operations makes them antidilutive.

Stock options with exercise prices that exceeded the fair market value of the Company's common stock had an antidilutive effect and, therefore, were excluded from the computation of diluted earnings per share. Approximately 27 million stock options with exercise prices ranging from $32.89 to $48.54 were excluded from the computation in 2005. Approximately 13 million stock options with exercise prices ranging from $44.23 to $48.54 were excluded from the computation in 2004.

16. Stock-Based Awards

Under the Company's 1991 Executive Stock Incentive Plan (the "1991 Executive Stock Plan") and the 1991 Executive Cash Bonus Plan (together, the "1991 Executive Plans"), the Board of Directors may authorize awards to key employees of cash, restricted and unrestricted shares of the Company's Class A Common Stock ("Common Stock"), retirement units (stock equivalents) or such other awards as the Board of Directors deems appropriate.

The 2004 Non-Employee Directors' Stock Incentive Plan (the "2004 Directors' Plan") provides for the issuance of up to 500,000 shares of Common Stock in the form of stock options or restricted stock awards. Under the 2004 Directors' Plan, each non-employee director of the Company has historically received annual grants of non-qualified options with 10-year terms to purchase 4,000 shares of Common Stock from the Company at the average market price of such shares on the date of grant. Additionally, shares of restricted stock may be granted under the plan. Restricted stock has not been awarded under the 2004 Directors' Plan.

In December 2004, the FASB issued FAS 123-R. FAS 123-R is a revision of FAS No. 123, as amended, Accounting for Stock-Based Compensation ("FAS 123"), and supersedes APB 25. FAS 123-R eliminates the alternative of using the intrinsic value method of accounting that was provided in FAS 123, which generally resulted in no compensation expense recorded in the financial statements related to the issuance of stock options or shares issued under the Company's Employee Stock Purchase Plan ("ESPP"). FAS 123-R requires that the cost resulting from all share-based payment transactions be recognized in the financial statements. FAS 123-R establishes fair value as the measurement objective in accounting for share-based payment arrangements and requires all companies to apply a fair-value-based measurement method in accounting for generally all share-based payment transactions with employees.

At the beginning of 2005, the Company adopted FAS 123-R. While FAS 123-R was not required to be adopted until the first annual reporting period beginning after June 15, 2005, the Company elected to adopt it before the required effective date. The Company adopted FAS 123-R using a modified prospective application, as permitted under FAS 123-R. Accordingly, prior period amounts have not been restated. Under this application, the Company is required to record compensation expense for all awards granted after the date of adoption and for the unvested portion of previously granted awards that remain outstanding at the date of adoption.

Before the adoption of FAS 123-R, the Company applied APB 25 to account for its stock-based compensation expense. Under APB 25, the Company generally only recorded stock-based compensation expense for restricted stock and long-term incentive plan awards ("LTIP awards"). Under APB 25, the Company was not required to recognize compensation expense for the cost of stock options or shares issued under the Company's ESPP. In accordance with the adoption of FAS 123-R, the Company records stock-based compensation expense for the cost of stock options, restricted stock units, restricted stock, shares issued under the ESPP (in 2005 only) and LTIP awards (together, "Stock-Based Awards"). Stock-based compensation expense in 2006 was $23.4 million ($13.6 million after tax or $.09 per basic and diluted share) and in 2005 was $32.2 million ($21.9 million after tax or $.15 per basic and diluted share).

FAS 123-R requires that stock-based compensation expense be recognized over the period from the date of grant to the date when the award is no longer contingent on the employee providing additional service (the "substantive vesting period"). The Company's 1991 Executive Stock Plan and the 2004 Directors' Plan provide that awards generally vest over a stated vesting period, and upon the retirement of an employee/Director. In periods before the Company's adoption of FAS 123-R (pro forma disclosure only), the Company recorded stock-based compensation expense for awards to retirement-eligible employees over the awards' stated vesting period (the "nominal vesting period"). With the adoption of FAS 123-R, the Company will continue to follow the nominal vesting period approach for the unvested portion of awards granted before the adoption of FAS 123-R and follow the substantive vesting period approach for awards granted after the adoption of FAS 123-R.

The following table details the effect on net (loss)/income and loss/earnings per share had stock-based compensation expense for the Stock-Based Awards been recorded in 2004 based on the fair-value method under FAS 123. The reported and pro forma net (loss)/income and loss/earnings per share for 2006 and 2005 in the table below are the same since stock-based compensation expense is calculated under the

provisions of FAS 123-R. These amounts are included in the table below only to provide the detail for a comparative presentation to 2004.

(In thousands, except per share data)	2006	2005	2004
Reported net (loss)/ income	**$(543,443)**	$253,473	$ 287,631
Add			
Total stock-based compensation expense included in reported net (loss)/income, net of related tax effects	**13,584**	21,850	1,478
Deduct			
Total stock-based compensation expense determined under fair-value method for all awards, net of related tax effects	**(13,584)**	(21,850)	(63,563)
Pro forma net (loss)/income	**$(543,443)**	$253,473	$225,546
(Loss)/earnings per share			
Basic – reported	**$ (3.76)**	$ 1.74	$ 1.95
Basic – pro forma	**$ (3.76)**	$ 1.74	$ 1.53
Diluted – reported	**$ (3.76)**	$ 1.74	$ 1.93
Diluted – pro forma	**$ (3.76)**	$ 1.74	$ 1.51

In June 2004 the Company accelerated the vesting of certain employee stock options where the exercise price of the stock options was above the Company's stock price. The acceleration of vesting resulted in additional stock-based compensation expense of $20.5 million (net of income taxes) that would have otherwise been reflected in the table above in periods after 2004 and $7.7 million in periods after 2005. The decrease in stock-based compensation expense in 2005 compared with 2004 is due to a series of actions taken by the Company over the past three years such as reducing awards granted to employees, accelerating the vesting of certain stock options in 2004 and changing the terms of future awards.

Had the Company not adopted FAS 123-R in 2005, stock-based compensation expense would have excluded the cost of stock options and shares issued under the ESPP. The incremental stock-based compensation expense for these awards, due to the adoption of FAS 123-R, caused income before income taxes and minority interest to decrease by $21.3 million, net income to decrease by $15.2 million and basic and diluted earnings per share to decrease by $.10 per share. In addition, in connection with the adoption of FAS 123-R, net cash provided by operating activities decreased and net cash provided by financing activities increased in 2005 by approximately $6 million related to excess tax benefits from Stock-Based Awards.

In 2005, the Company adopted FASB Staff Position FAS 123(R)-3, ("FSP 123-R"). FSP 123 (R)-3 allows a "short cut" method of calculating its pool of excess tax benefits ("APIC Pool") available to absorb tax deficiencies recognized subsequent to the adoption of FAS 123-R. The Company calculated its APIC Pool utilizing the short cut method under FSP 123 (R)3. The Company's APIC Pool is approximately $43 million as of December 31, 2006.

Stock Options

The 1991 Executive Stock Plan provides for grants of both incentive and non-qualified stock options principally at an option price per share of 100% of the fair market value of the Common Stock on the date of grant. Stock options have generally been granted with a 3-year vesting period and a 6-year term, or a 4-year vesting period and a 10-year term. The stock options vest in equal annual installments over the nominal vesting period or the substantive vesting period, whichever is applicable.

The 2004 Directors' Plan provides for grants of stock options to non-employee Directors at an option price per share of 100% of the fair market value of Common Stock on the date of grant. Stock options are granted with a 1-year vesting period and a 10-year term. The stock options vest over the nominal vesting period or the substantive vesting period, whichever is applicable. The Company's Directors are considered employees under the provisions of FAS 123-R.

Changes in the Company's stock options in 2006 were as follows:

(Shares in thousands)	Options	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value $(000s)
	2006			
Options outstanding, beginning of year	**31,200**	**$41**		
Granted	**2,676**	**24**		
Exercised	**(813)**	**19**		
Forfeited	**(871)**	**43**		
Options outstanding, end of year	**32,192**	**$40**	**5**	**$1,414**
Options exercisable, end of year	**27,893**	**$42**	**5**	**$ 156**

The total intrinsic value for stock options exercised was approximately $4 million in 2006 and $13 million in 2005.

The amount of cash received from the exercise of stock options was approximately $16 million and the related tax benefit was approximately $2 million in 2006.

The fair value of the stock options granted was estimated on the date of grant using a Black Scholes option valuation model that uses the assumptions noted in the following table. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. Beginning in 2005, with the adoption of FAS 123-R, the expected life (estimated period of time outstanding) of stock options granted was estimated using the historical exercise behavior of employees for grants with a 10-year term. Stock options have historically been granted with this term, and therefore information necessary to make this estimate was available. The expected life of stock options granted with a 6-year term was determined using the average of the vesting period and term, an accepted method under the SEC's Staff Accounting Bulletin No. 107, Share-Based Payment. Expected volatility was based on historical volatility for a period equal to the stock option's expected life, ending on the date of grant, and calculated on a monthly basis.

	2006			2005			2004	
Term (In years)	**6**	**10**	**10**	**6**	**10**	**10**	**6**	**10**
Vesting (In years)	**3**	**1**	**4**	**3**	**1**	**4**	**3**	**1 & 4**
Risk-free interest rate	**4.64%**	**4.87%**	**4.63%**	4.40%	3.96%	4.40%	3.33%	3.62%
Expected life	**4.5 years**	**5 years**	**6 years**	4.5 years	5 years	5 years	4 years	5 years
Expected volatility	**17.29%**	**19.20%**	**18.82%**	19.27%	19.66%	19.07%	19.09%	19.65%
Expected dividend yield	**3.04%**	**2.65%**	**3.04%**	2.43%	2.11%	2.43%	1.50%	1.50%
Weighted average fair value	**$3.65**	**$4.85**	**$4.38**	$4.90	$6.28	$5.10	$6.64	$8.09

For grants prior to 2005 (before the adoption of FAS 123-R), the fair value for stock options with 10-year terms and different vesting periods was calculated on a combined basis. For grants made beginning in 2005, with the adoption of FAS 123-R, the fair value for stock options granted with different vesting periods was calculated separately.

Restricted Stock

The 1991 Executive Stock Plan also provides for grants of restricted stock. The Company did not grant restricted stock in 2005 or 2006 but rather granted restricted stock units. Restricted stock vest at the end of the nominal vesting period or the substantive vesting period, whichever is applicable. The fair value of restricted stock is the excess of the average market price of Common Stock at the date of grant over the exercise price, which is zero.

Changes in the Company's restricted stock in 2006 were as follows:

	2006	
(Shares in thousands)	Restricted Shares	Weighted Average Grant-Date Fair Value
Unvested restricted stock at beginning of period	711	$41
Granted	–	–
Vested	(122)	43
Forfeited	(20)	40
Unvested restricted stock at end of period	**569**	**$41**

The weighted average grant date fair value in 2004 was approximately $40.

Under the provisions of FAS 123-R, the recognition of deferred compensation, representing the amount of unrecognized restricted stock expense that is reduced as expense is recognized, at the date restricted stock is granted, is no longer required. Therefore, in the first quarter of 2005, the amount that had been in "Deferred compensation" in the Consolidated Balance Sheet was reversed to zero.

Restricted Stock Units

The 1991 Executive Stock Plan also provides for grants of other awards, including restricted stock units. In 2005 and 2006, the Company granted restricted stock units with a 3-year vesting period and a 5-year vesting period. Each restricted stock unit represents the Company's obligation to deliver to the holder one share of Common Stock upon vesting. Restricted stock units vest at the end of the nominal vesting period or the substantive vesting period, whichever is applicable. The fair value of restricted stock units is the excess of the average market price of Common Stock at the date of grant over the exercise price, which is zero.

Changes in the Company's restricted stock units in 2006 were as follows:

	2006	
(Shares in thousands)	Restricted Stock Units	Weighted Average Grant-Date Fair Value
Unvested restricted stock units at beginning of period	530	$27
Granted	270	24
Vested	(63)	26
Forfeited	(18)	27
Unvested restricted stock units at end of period	**719**	**$26**

The weighted average grant date fair value in 2005 was approximately $27.

ESPP

Under the ESPP, participating employees purchase Common Stock through payroll deductions. Employees may withdraw from an offering before the purchase date and obtain a refund of the amounts withheld through payroll deductions plus accrued interest.

In 2006, there was one 12-month offering with an undiscounted purchase price, set at 100% of the average market price on December 29, 2006. With these modifications, the ESPP is not considered a compensatory plan, and therefore compensation expense was not recorded for shares issued under the ESPP in 2006.

In 2005, there were two 6-month ESPP offerings with a purchase price set at a 15% discount of the average market price at the beginning of the offering period. There were no shares issued under the 2005 offerings because the market price of the stock on the purchase date was lower than the offering price. Participants' contributions (plus accrued interest) were automatically refunded under the terms of the offerings.

In 2004 and prior offerings, the offering period was generally 12 months and the purchase price was the lesser of 85% of the average market price of the Common Stock on the date the offering commenced or the date the offering ended. Approximately 1 million shares were issued under the ESPP in 2004.

The fair value of the offerings was estimated on the date of grant using a Black-Scholes option valuation model that uses the assumptions noted in the following table. The risk-free rate is based on the U.S. Treasury yield curve in effect at the time of grant. Expected volatility was based on the implied volatility on the day of grant.

	2005		
	January	June	2004
Risk-free interest rate	2.36%	3.25%	1.27%
Expected life	6 months	6 months	1.2 years
Expected volatility	21.39%	21.46%	28.63%
Expected dividend yield	1.51%	2.12%	1.75%
Weighted-average fair value	$6.65	$5.04	$8.13

LTIP Awards

The Company's 1991 Executive Plans provide for grants of cash awards to key executives payable at the end of a multi-year performance period. The target award is determined at the beginning of the period and can increase to a maximum of 175% of the target or decrease to zero.

For awards granted for cycles beginning prior to 2006, the actual payment, if any, is based on a key performance measure, Total Shareholder Return ("TSR"). TSR is calculated as stock appreciation plus reinvested dividends. At the end of the period, the LTIP payment will be determined by comparing the Company's TSR to the TSR of a predetermined peer group of companies. For awards granted for the cycle beginning in 2006, the actual payment, if any, will depend on two performance measures. Half of the award is based on the TSR of a predetermined peer group of companies during the performance period and half is based on the percentage increase in the Company's revenue in excess of the percentage increase in costs and expenses during the same period. Achievement with respect to each element of the award is independent of the other. All payments are subject to approval by the Board's Compensation Committee.

The LTIP awards based on TSR are classified as liability awards under the provisions of FAS 123-R because the Company incurs a liability, payable in cash, indexed to the Company's stock price. The LTIP award liability is measured at its fair value at the end of each reporting period and, therefore, will fluctuate based on the operating results and the performance of the Company's TSR relative to the peer group's TSR.

Based on an independent valuation of its LTIP awards, the Company recorded an expense of $0.8 million in 2006 and a favorable adjustment of $2.4 million in 2005. The fair value of the LTIP awards was calculated by comparing the Company's TSR against a predetermined peer group's TSR over the performance period. The LTIP awards are valued using a Monte Carlo simulation. This valuation technique includes estimating the movement of stock prices and the effects of volatility, interest rates, and dividends. These assumptions are based on historical data points and are taken from market data sources. The payout of the LTIP awards are based on relative performance; therefore, correlations in stock price performance among the peer group companies also factor into the valuation. There were no LTIP awards paid in 2006 and 2005 in connection with the performance period ending in 2005 or 2004.

For awards granted for the cycle beginning in 2007, the actual payment, if any, will no longer have a performance measure based on TSR. Thus, LTIP awards granted for the cycle beginning in 2007 will not be classified as liability awards.

As of December 2006, unrecognized compensation expense related to the unvested portion of the Company's Stock-Based Awards was approximately $31 million and is expected to be recognized over a weighted-average period of approximately 3 years.

The Company generally issues shares for the exercise of stock options from unissued reserved shares and issues shares for restricted stock units and shares under the ESPP from treasury shares.

Shares of Class A Common Stock reserved for issuance were as follows:

	December	
(In thousands)	2006	2005
Stock options		
Outstanding	**32,192**	31,200
Available	**4,075**	5,880
Employee Stock Purchase Plan		
Available	**7,992**	7,992
Restricted stock units, retirement units and other awards		
Outstanding	**750**	633
Available	**474**	644
Total Outstanding	**32,942**	31,833
Total Available	**12,541**	14,516

In addition to the shares available in the table above, as of December 2006 and December 2005, there were approximately 833,000 and 834,000 shares of Class B Common Stock available for conversion into shares of Class A Common Stock.

17. Stockholders' Equity

Shares of the Company's Class A and Class B Common Stock are entitled to equal participation in the event of liquidation and in dividend declarations. The Class B Common Stock is convertible at the holders' option on a share-for-share basis into Class A Common Stock. Upon conversion, the previously outstanding shares of Class B Common Stock are automatically and immediately retired, resulting in a reduction of authorized Class B Common Stock. As provided for in the Company's Certificate of Incorporation, the Class A Common Stock has limited voting rights, including the right to elect 30% of the Board of Directors, and the Class A and Class B Common Stock have the right to vote together on the reservation of Company shares for stock options and other stock-based plans, on the ratification of the selection of a registered public accounting firm and, in certain circumstances, on acquisitions of the stock or assets of other companies. Otherwise, except as provided by the laws of the State of New York, all voting power is vested solely and exclusively in the holders of the Class B Common Stock.

The Adolph Ochs family trust holds 88% of the Class B Common Stock and as a result, 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.

The Company repurchases Class A Common Stock under its stock repurchase program from time to time either in the open market or through private transactions. These repurchases may be suspended from time to time or discontinued. The Company repurchased 2.2 million shares in 2006 at an average cost of $23.67 per share, 1.7 million shares in 2005 at an average cost of $33.08 per share and 6.8 million shares in 2004 at an average cost of $42.79 per share. The cost associated with these repurchases were $51.1 million in 2006, $57.2 million in 2005 and $293.0 million in 2004.

The Company retired 3.7 million shares from treasury stock in 2006. The 2006 retirement resulted in a reduction of $154.2 million in treasury stock, $0.4 million in Class A Common Stock, $93.2 million in additional paid-in capital and $60.6 million in retained earnings.

The Company did not retire any shares from treasury stock in 2005. The Company retired 9.2 million shares from treasury stock in 2004. The 2004 retirement resulted in a reduction of $405.3 million in treasury stock, $0.9 million in Class A Common Stock, $96.0 million in additional paid-in capital and $308.4 million in retained earnings.

The Board of Directors is authorized to set the distinguishing characteristics of each series of preferred stock prior to issuance, including the granting of limited or full voting rights; however, the consideration received must be at least $100 per share. No shares of serial preferred stock have been issued.

18. Segment Information

The Company's reportable segments consist of the News Media Group and About.com. These segments are evaluated regularly by key management in assessing performance and allocating resources.

In September 2006, the Company acquired Calorie-Count, which is included in the results of About.com.

In August 2006, the Company acquired Baseline. Baseline is included in the results of NYTimes.com, which is part of the News Media Group.

In March 2005, the Company acquired About, Inc. About.com is a separate reportable segment of the Company.

In February 2005, the Company acquired North Bay. North Bay is included in the results of the News Media Group under the Regional Media Group.

The results of Calorie-Count, Baseline, About.com and North Bay have been included in the Company's Consolidated Financial Statements since their respective acquisition dates.

Beginning in fiscal 2005, the results of the Company's two New York City radio stations, WQXR-FM and WQEW-AM, formerly part of the Broadcast Media Group (now a discontinued operation (see Note 5), are included in the results of the News Media Group as part of The New York Times Media Group. WQXR, the Company's classical music radio station, is working with The New York Times News Services division to expand the distribution of Times-branded news and information on a variety of radio platforms, through The Times's own resources and in collaboration with strategic partners. WQEW receives revenues under a time brokerage agreement with Radio Disney New York, LLC (ABC, Inc.'s successor in interest), which currently provides substantially all of WQEW's programming (see Note 20 for information on the anticipated sale of WQEW). 2004 information has been reclassified to conform with the current presentation.

Revenues from individual customers and revenues, operating profit and identifiable assets of foreign operations are not significant.

Below is a description of the Company's reportable segments:

–News Media Group

The New York Times Media Group, which includes The New York Times, NYTimes.com, the IHT and the two New York City radio stations; the New England Media Group, which includes the Globe, Boston.com and the Worcester Telegram & Gazette; and the Regional Media Group, which includes 14 daily newspapers and their related digital businesses.

–About.com

About.com is an online consumer information provider.

The Company's Statements of Operations by segment and Corporate were as follows:

(In thousands)	2006	2005	2004
Revenues			
News Media Group	**$ 3,209,704**	$ 3,187,180	$3,159,412
About.com (from March 18, 2005)	**80,199**	43,948	–
Total	**$ 3,289,903**	$3,231,128	$3,159,412
Operating (Loss)/Profit			
News Media Group	**$ 317,157**	$ 360,633	$ 511,117
About.com (from March 18, 2005)	**30,819**	11,685	–
Corporate	**(54,154)**	(52,768)	(48,504)
Impairment of intangible assets (see Note 4)	**(814,433)**	–	–
Gain on sale of assets	**–**	122,946	–
Total	**$ (520,611)**	$ 442,496	$ 462,613
Net income from joint ventures	**19,340**	10,051	240
Interest expense, net	**50,651**	49,168	41,760
Other income	**–**	4,167	8,212
(Loss)/income from continuing operations before income taxes and minority interest	**(551,922)**	407,546	429,305
Income taxes	**16,608**	163,976	163,731
Minority interest in net loss/(income) of subsidiaries	**359**	(257)	(589)
(Loss)/income from continuing operations	**(568,171)**	243,313	264,985
Discontinued operations, net of income taxes – Broadcast Media Group	**24,728**	15,687	22,646
Cumulative effect of a change in accounting principles, net of income taxes	**–**	(5,527)	–
Net (loss)/income	**$(543,443)**	$253,473	$287,631

Operating profit for the News Media Group and Corporate included a charge of $34.2 million and $0.1 million, respectively, in 2006 related to staff reduction expenses (see Note 8).

Advertising, circulation and other revenue, by division of the News Media Group, were as follows:

(In thousands)	2006	2005	2004
The New York Times Media Group			
Advertising	**$ 1,268,592**	$1,262,168	$1,222,061
Circulation	**637,094**	615,508	615,891
Other	**171,571**	157,037	165,005
Total	**$ 2,077,257**	$2,034,713	$2,002,957
New England Media Group			
Advertising	**$ 425,743**	$ 467,608	$ 481,615
Circulation	**163,019**	170,744	181,009
Other	**46,572**	36,991	37,971
Total	**$ 635,334**	$ 675,343	$ 700,595
Regional Media Group			
Advertising	**$ 383,207**	$ 367,522	$ 349,702
Circulation	**89,609**	87,723	87,095
Other	**24,297**	21,879	19,063
Total	**$ 497,113**	$ 477,124	$ 455,860
Total News Media Group			
Advertising	**$ 2,077,542**	$ 2,097,298	$2,053,378
Circulation	**889,722**	873,975	883,995
Other	**242,440**	215,907	222,039
Total	**$ 3,209,704**	$ 3,187,180	$3,159,412

The Company's segment and Corporate depreciation and amortization, capital expenditures and assets reconciled to consolidated amounts were as follows:

(In thousands)	2006	2005	2004
Depreciation and Amortization			
News Media Group	**$ 143,671**	$ 119,293	$ 124,640
About.com	**11,920**	9,165	–
Corporate	**6,740**	7,022	9,441
Total	**$ 162,331**	$ 135,480	$ 134,081
Capital Expenditures			
News Media Group	**$ 343,776**	$ 217,312	$ 199,890
About.com	**3,156**	1,713	–
Corporate	**5,881**	2,522	4,252
Total	**$ 352,813**	$ 221,547	$ 204,142
Assets			
News Media Group	**$ 2,537,031**	$3,273,175	$3,163,066
Broadcast Media Group (see Note 5)	**391,209**	392,915	355,496
About.com	**416,811**	419,004	–
Corporate	**365,752**	240,615	257,084
Investments in joint ventures	**145,125**	238,369	218,909
Total	**$ 3,855,928**	$4,564,078	$3,994,555

19. Commitments and Contingent Liabilities

New Headquarters Building

The Company is in the process of constructing a 1.54 million square foot condominium office building (the "Building") in New York City that will serve as its new headquarters.

In December 2001, a wholly owned subsidiary of the Company ("NYT") and FC Lion LLC (a partnership between an affiliate of the Forest City Ratner Companies and an affiliate of ING Real Estate) became the sole members of The New York Times Building LLC (the "Building Partnership"), a New York limited liability company established for the purpose of constructing the Building.

In August 2006, the Building was converted to a leasehold condominium, and NYT and FC Lion LLC each acquired ownership of its respective leasehold condominium units. Also in August 2006, Forest City Ratner Companies purchased the ownership interest in FC Lion LLC of the ING Real Estate affiliate. In turn, FC Lion LLC assigned its ownership interest in the Building Partnership and the FC Lion LLC condominium units to FC Eighth Ave., LLC ("FC").

NYT's condominium interests represent approximately 58% of the Building, and FC's condominium interests represent approximately 42%. NYT's and FC's percentage interests in the Building Partnership are also approximately 58% and 42%. The Building Partnership will remain in effect until substantial completion of the Building's core and shell.

Before the Building was converted to a leasehold condominium, the leasehold interest in the Building was held by the Building Partnership, and, because of the Company's majority interest in the Building Partnership, FC's interest in the Building was consolidated in the Company's financial statements. As a result of the Building's conversion to a leasehold condominium, the Building Partnership no longer holds any leasehold interest in the Building, and, as a result, FC's condominium units and capital expenditures (see below) are not consolidated in the Company's financial statements. Accordingly, the assets and interest in the Building Partnership attributable to FC, which were included in "Property, plant and equipment" and "Minority Interest," were reversed and are no longer included in the Company's Consolidated Balance Sheet as of December 2006.

In December 2001, the Building Partnership entered into a land acquisition and development agreement ("LADA") for the Building site with a New York State agency, which subsequently acquired title to the site through a condemnation proceeding. Pursuant to the LADA, the Building Partnership was required to fund all costs of acquiring the Building site, including the purchase price of approximately $86 million, and certain additional amounts ("excess site acquisition costs") to be paid in connection with the condemnation proceeding. NYT and FC were required to post letters of credit for these acquisition costs. As of December 2006, approximately $14 million remained undrawn on a letter of credit posted by the Company on behalf of NYT and approximately $11 million remained undrawn on a letter of credit posted by Forest City Enterprises, Inc. ("FCE") on behalf of FC.

The New York State agency leased the site to the Building Partnership under a 99-year lease (the "Ground Lease") dated December 12, 2001. Concurrently, the Building Partnership entered into 99-year subleases with NYT and FC Lion LLC with respect to their portions of the Building (the "Ground Subleases"). On September 24, 2003, the New York State agency conveyed vacant possession of the Building site to the Building Partnership.

In connection with the condominium declaration, the Building Partnership's interest as lessee under the Ground Lease and as lessor under the Ground Subleases was assigned to the New York State agency, and the Ground Subleases now constitute direct subleases between the New York State agency, as landlord, and NYT and FC, respectively, as tenants.

Under the terms of the Ground Subleases, no fixed rent is payable, but NYT and FC, respectively, must make payments in lieu of real estate taxes ("PILOT"), pay percentage (profit) rent with respect to retail portions of the Building, and make certain other payments over the term of the Ground Subleases. NYT and FC receive credits for allocated excess site acquisition costs against 85% of the PILOT payments. The Ground Subleases give NYT and FC, or their designees, the option to purchase the Building, which option must be exercised jointly, at any time after the initial 29 years of the term of the Ground Subleases for nominal consideration. Pursuant to the condominium declaration, NYT has the sole right to determine when the purchase option will be exercised, provided that FC may require the exercise of the purchase option if NYT has not done so within five years prior to the expiration of the 99-year terms of the Ground Subleases.

In August 2004, the Building Partnership commenced construction of the Building and, under the Ground Subleases, NYT and FC are required to complete construction of the Building's core and shell within 36 months following construction commencement, subject to certain extensions. The Company

and FCE have guaranteed the obligation to complete construction of the Building in accordance with the Ground Subleases.

Pursuant to the Operating Agreement of the Building Partnership, dated December 12, 2001, as amended June 25, 2004, August 15, 2006, and January 29, 2007 (the "Operating Agreement"), the funds for construction of the Building are being provided through a construction loan and capital contributions of NYT and FC. On June 25, 2004, the Building Partnership closed a construction loan with Capmark Finance, Inc. (formerly GMAC Commercial Mortgage Corporation) (the "construction lender"), which is providing a non-recourse loan of up to $320 million (the "construction loan"), secured by the Building, for construction of the Building's core and shell as well as other development costs. NYT elected not to borrow any portion of its share of the total costs of the Building through this construction loan and, instead, has made and will make capital contributions to the Building Partnership for its share of Building costs. FC's share of the total costs of the Building are being funded through capital contributions and the construction loan.

In connection with the condominium declaration, the Building Partnership, NYT and FC became co-borrowers under the construction loan, secured by NYT's and FC's respective condominium interests. As a co-borrower, the Company was required to record the amount outstanding of the construction loan on its financial statements (see Note 9). The Company also recorded a receivable, due from its development partner, for the same amount outstanding under the construction loan (see Note 9). As of December 2006, $124.7 million was outstanding under the construction loan.

Under the terms of the Operating Agreement and the construction loan, NYT was required to fund all of its construction equity related to construction of the core and shell as well as other development costs prior to the funding of the construction loan. In May 2006, NYT completed the funding of its required construction equity and FC began drawing down on the construction loan to pay its share of the costs. Because NYT funded its construction equity first, a portion of its funds was used to fund FC's share of Building costs (the "FC funded share") prior to commencement of funding of the construction loan. The FC funded share bears interest at the construction loan rate and is being repaid to NYT out of construction loan draws. FC's interest in the Building Partnership and all of the membership interests in FC have been pledged to NYT to secure repayment of the FC funded share.

The construction loan, made through a building loan agreement and a project loan agreement, bears interest at an initial annual rate of LIBOR plus 265 basis points and will mature on July 1, 2008, subject to the borrowers' right to extend the maturity date for two six-month periods upon the satisfaction of certain terms and conditions. FCE has provided the construction lender with a guaranty of completion with respect to the Building conditioned upon the availability of the construction loan and NYT construction capital contributions.

Under the terms of the Operating Agreement and the construction loan, the lien of the construction loan was scheduled to be released from the NYT condominium units upon substantial completion of the Building's core and shell but was to remain upon the FC condominium units until the construction loan was repaid in full. If FC was unable to obtain other financing to repay the construction loan upon substantial completion of the Building's core and shell, the agreements required the Company to make a loan (the "extension loan") to FC of approximately $119.5 million to pay a portion of the construction loan balance.

In January 2007, the construction loan was amended, and NYT was released as a borrower, its condominium units were released from the related lien, and the Company was released from a guarantee of NYT's obligation to complete the interior construction of the Company's portions of the Building as well as its guarantee of certain non-recourse carve-outs. The Company was also released from its obligation to make the extension loan (see Note 20).

The Company's actual and anticipated capital expenditures in connection with the Building, net of proceeds from the sale of the Company's existing headquarters, including both core and shell and interior construction costs, are detailed in the table below.

Capital Expenditures

(In millions)	NYT
2001-2006	$434
2007	$ 170-$190
Total	$604-$624
Less: net sale proceeds[1]	$106
Total, net of sale proceeds	$498-$518[2]

[1] Represents cash proceeds from the sale of the Company's existing headquarters (see Note 8), net of income taxes and transaction costs.

[2] Includes estimated capitalized interest and salaries of $40 to $50 million.

FC's capital expenditures were consolidated in the Company's financial statements through August 2006, when the Building was converted to a leasehold condominium. FC's actual capital expenditures from 2001 through August 2006 were approximately $239 million.

Operating Leases

Operating lease commitments are primarily for office space and equipment. Certain office space leases provide for rent adjustments relating to changes in real estate taxes and other operating expenses.

Rental expense amounted to $35.0 million in 2006, $35.8 million in 2005 and $32.9 million in 2004. The approximate minimum rental commitments under noncancelable leases as of December 2006 were as follows:

(In thousands)	Amount
2007	$19,432
2008	10,618
2009	9,219
2010	6,641
2011	5,815
Later years	35,213
Total minimum lease payments	$86,938

The table above includes lease payments in connection with the leaseback of the Company's existing headquarters.

Capital Leases

Future minimum lease payments for all capital leases, and the present value of the minimum lease payments as of December 2006, were as follows:

(In thousands)	Amount
2007	$ 7,867
2008	9,099
2009	9,595
2010	9,558
2011	9,552
Later years	74,020
Total minimum lease payments	119,691
Less: imputed interest	(43,229)
Present value of net minimum lease payments including current maturities	$ 76,462

Guarantees

The Company has outstanding guarantees on behalf of a third party that provides circulation customer service, telemarketing and home-delivery services for The Times and the Globe (the "circulation servicer"), and on behalf of two third parties that provide printing and distribution services for The Times's National Edition (the "National Edition printers"). In accordance with GAAP, contingent obligations related to these guarantees are not reflected in the Company's Consolidated Balance Sheets as of December 2006 and December 2005.

The Company has guaranteed the payments under the circulation servicer's credit facility and any miscellaneous costs related to any default thereunder (the "credit facility guarantee"). The total amount of the credit facility guarantee was approximately $20 million as of December 2006. The amount outstanding under the credit facility, which expired in April 2006 and was renewed, was approximately $17 million as of December 2006. The credit facility guarantee was made by the Company to allow the circulation servicer to obtain more favorable financing terms. The circulation servicer has agreed to reimburse the Company for any amounts the Company pays under the credit facility guarantee and has granted the Company a security interest in all of its assets to secure repayment of any amounts the Company pays under the credit facility guarantee.

In addition, the Company has guaranteed the payments of two property leases of the circulation servicer and any miscellaneous costs related to any default thereunder (the "property lease guarantees"). The total amount of the property lease guarantees was approximately $2 million as of December 2006. One property lease expires in June 2008 and the other expires in May 2009. The property lease guarantees were made by the Company to allow the circulation servicer to obtain space to conduct business.

The Company would have to perform the obligations of the circulation servicer under the credit facility and property lease guarantees if the circulation servicer defaulted under the terms of its credit facility or lease agreements.

The Company has guaranteed a portion of the payments of an equipment lease of a National Edition printer and any miscellaneous costs related to any default thereunder (the "equipment lease guarantee"). The total amount of the equipment lease guarantee was approximately $2 million as of December 2006. The equipment lease expires in March 2011. The Company made the equipment lease guarantee to allow the National Edition printer to obtain lower cost of lease financing.

The Company has also guaranteed certain debt of one of the two National Edition printers and any miscellaneous costs related to any default thereunder (the "debt guarantee"). The total amount of the debt guarantee was approximately $5 million as of December 2006. The debt guarantee, which expires in May 2012, was made by the Company to

allow the National Edition printer to obtain a lower cost of borrowing.

The Company has obtained a secured guarantee from a related party of the National Edition printer to repay the Company for any amounts that it would pay under the debt guarantee. In addition, the Company has a security interest in the equipment that was purchased by the National Edition printer with the funds it received from its debt issuance, as well as other equipment and real property.

The Company would have to perform the obligations of the National Edition printers under the equipment and debt guarantees if the National Edition printers defaulted under the terms of their equipment leases or debt agreements.

Other

The Company has letters of credit of approximately $33 million, that are required by insurance companies, to provide support for the Company's workers' compensation liability that is included in the Company's Consolidated Balance Sheet as of December 2006.

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

Note 20. Subsequent Events

Broadcast Media Group Sale

On January 3, 2007, the Company entered into an agreement to sell the Broadcast Media Group, consisting of nine network-affiliated television stations, their related Web sites and the digital operating center, for $575 million. The transaction is subject to regulatory approvals and is expected to close in the first half of 2007.

WQEW Sale

One of the Company's New York City radio stations, WQEW-AM ("WQEW"), receives revenues under a time brokerage agreement with Radio Disney New York, LLC (ABC, Inc.'s successor in interest) that provides substantially all of WQEW's programming. On January 25, 2007, Radio Disney New York, LLC entered into an agreement to acquire WQEW for $40 million. The sale is currently expected to close in the first quarter of 2007 and is subject to Federal Communications Commission approval. At closing, the Company will recognize a significant portion of the sale price as a gain because the net book value of WQEW's net assets being sold is nominal.

Construction Loan Amendment

Effective as of January 29, 2007, the construction loan was amended to release NYT as a borrower, release NYT's condominium units from the related lien, and release the Company from a guarantee of NYT's obligation to complete the interior construction of the Company's portions of the Building as well as its guarantee of certain non-recourse carve-outs. The Company was also released from its obligation to make an extension loan (see Note 19). The construction lender remains obligated to continue to fund to the Building Partnership the balance of the construction loan required to complete construction of the Building.

In connection with the amendments, the construction lender funded to NYT $11.6 million, representing additional consideration payable by FC under the Operating Agreement for the purchase price of the land for the Building.

QUARTERLY INFORMATION (UNAUDITED)

As described in Note 2 of the Notes to the Consolidated Financial Statements, the Company has restated previously issued financial statements. The following tables of quarterly information (unaudited) reflect the restatements for 2005 and the first three quarters of 2006 and provide information on the restatement adjustments. The Broadcast Media Group's results of operations have been presented as discontinued operations, and certain assets and liabilities are classified as held for sale for all periods presented (see Note 5 of the Notes to the Consolidated Financial Statements). In order to more clearly disclose the impact of the restatement on reported results, the impact of this reclassification is separately shown below in the columns labeled "Discontinued Operations."

(In thousands, except per share data)	2006 Quarters[3] First (Restated and Reclassified)	Second (Restated and Reclassified)	Third (Restated and Reclassified)	Fourth	Year
Revenues	$799,197	$819,636	$739,586	$ 931,484	$3,289,903
Costs and expenses	738,732	733,393	721,701	802,255	2,996,081
Impairment of intangible assets	–	–	–	814,433	814,433
Operating profit/(loss)	60,465	86,243	17,885	(685,204)	(520,611)
Net income from joint ventures	1,967	8,770	7,348	1,255	19,340
Interest expense, net	12,524	13,234	13,267	11,626	50,651
Income/(loss) from continuing operations before income taxes and minority interest	49,908	81,779	11,966	(695,575)	(551,922)
Income taxes expense/(benefit)	19,475	28,156	3,926	(34,949)	16,608
Minority interest in net (income)/loss of subsidiaries	93	244	267	(245)	359
Income/(loss) from continuing operations	30,526	53,867	8,307	(660,871)	(568,171)
Discontinued operations, net of income taxes – Broadcast Media Group	1,886	5,714	4,290	12,838	24,728
Net income/(loss)	$ 32,412	$ 59,581	$ 12,597	$(648,033)	$ (543,443)
Average number of common shares outstanding					
Basic	145,165	144,792	144,454	143,906	144,579
Diluted	145,361	144,943	144,568	143,906	144,579
Basic earnings/(loss) per share:					
Income/(loss) from continuing operations	$ 0.21	$ 0.37	$ 0.06	$ (4.59)	$ (3.93)
Discontinued operations, net of income taxes – Broadcast Media Group	0.01	0.04	0.03	0.09	0.17
Net income/(loss)	$ 0.22	$ 0.41	$ 0.09	$ (4.50)	$ (3.76)
Diluted earnings/(loss) per share:					
Income/(loss) from continuing operations	$ 0.21	$ 0.37	$ 0.06	$ (4.59)	$ (3.93)
Discontinued operations, net of income taxes – Broadcast Media Group	0.01	0.04	0.03	0.09	0.17
Net income/(loss)	$ 0.22	$ 0.41	$ 0.09	$ (4.50)	$ (3.76)
Dividends per share	$ .165	$ .175	$ .175	$ .175	$ .69

(In thousands, except per share data)	For the Quarter Ended March 26, 2006[3] As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$831,772	$(31,954)	$ (621)	$799,197
Costs and expenses	763,496	(28,757)	3,993	738,732
Operating profit	68,276	(3,197)	(4,614)	60,465
Net income from joint ventures	1,967	–	–	1,967
Interest expense – net	12,524	–	–	12,524
Income from continuing operations before income taxes and minority interest	57,719	(3,197)	(4,614)	49,908
Income taxes	22,857	(1,311)	(2,071)	19,475
Minority interest	93	–	–	93
Income from continuing operations	34,955	(1,886)	(2,543)	30,526
Discontinued operations, net of income taxes – Broadcast Media Group	–	1,886	–	1,886
Net income	$ 34,955	$ –	$(2,543)	$ 32,412
Basic earnings per share:				
Income from continuing operations	$ 0.24	$ (0.01)	$ (0.02)	$ 0.21
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.01	–	0.01
Net income	$ 0.24	$ –	$ (0.02)	$ 0.22
Diluted earnings per share:				
Income from continuing operations	$ 0.24	$ (0.01)	$ (0.02)	$ 0.21
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.01	–	0.01
Net income	$ 0.24	$ –	$ (0.02)	$ 0.22

(In thousands, except per share data)	For the Quarter Ended June 25, 2006[3] As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$858,748	$(39,112)	$ –	$819,636
Costs and expenses	759,675	(29,427)	3,145	733,393
Operating profit	99,073	(9,685)	(3,145)	86,243
Net income from joint ventures	8,770	–	–	8,770
Interest expense – net	13,234	–	–	13,234
Income from continuing operations before income taxes and minority interest	94,609	(9,685)	(3,145)	81,779
Income taxes	33,540	(3,971)	(1,413)	28,156
Minority interest	244	–	–	244
Income from continuing operations	61,313	(5,714)	(1,732)	53,867
Discontinued operations, net of income taxes – Broadcast Media Group	–	5,714	–	5,714
Net income	$ 61,313	$ –	$(1,732)	$ 59,581
Basic earnings per share:				
Income from continuing operations	$ 0.42	$ (0.04)	$ (0.01)	$ 0.37
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.04	–	0.04
Net income	$ 0.42	$ –	$ (0.01)	$ 0.41
Diluted earnings per share:				
Income from continuing operations	$ 0.42	$ (0.04)	$ (0.01)	$ 0.37
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.04	–	0.04
Net income	$ 0.42	$ –	$ (0.01)	$ 0.41

(In thousands, except per share data)	For the Quarter Ended September 24, 2006[3] As Previously Reported	Restatement Adjustments	Restated
Revenues	$739,586	$ –	$739,586
Costs and expenses	719,110	2,591	721,701
Operating profit	20,476	(2,591)	17,885
Net income from joint ventures	7,348	–	7,348
Interest expense – net	13,267	–	13,267
Income from continuing operations before income taxes and minority interest	14,557	(2,591)	11,966
Income taxes	5,091	(1,165)	3,926
Minority interest	267	–	267
Income from continuing operations	9,733	(1,426)	8,307
Discontinued operations, net of income taxes – Broadcast Media Group	4,290	–	4,290
Net income	$ 14,023	$ (1,426)	$ 12,597
Basic earnings per share:			
Income from continuing operations	$ 0.07	$ (0.01)	$ 0.06
Discontinued operations, net of income taxes – Broadcast Media Group	0.03	–	0.03
Net income	$ 0.10	$ (0.01)	$ 0.09
Diluted earnings per share:			
Income from continuing operations	$ 0.07	$ (0.01)	$ 0.06
Discontinued operations, net of income taxes – Broadcast Media Group	0.03	–	0.03
Net income	$ 0.10	$ (0.01)	$ 0.09

(In thousands, except per share data)	2005 Quarters[3] First (Restated and Reclassified)	Second (Restated and Reclassified)	Third (Restated and Reclassified)	Fourth (Restated and Reclassified)	Year (Restated and Reclassified)
Revenues	$773,618	$ 807,237	$ 757,155	$ 893,118	$3,231,128
Costs and expenses	695,398	712,715	720,621	782,844	2,911,578
Gain on sale of assets[1]	122,946	–	–	–	122,946
Operating profit	201,166	94,522	36,534	110,274	442,496
Net (loss)/income from joint ventures	(248)	3,138	5,000	2,161	10,051
Interest expense, net	14,248	11,844	11,677	11,399	49,168
Other income	1,250	1,250	1,250	417	4,167
Income from continuing operations before income taxes and minority interest	187,920	87,066	31,107	101,453	407,546
Income taxes	80,712	33,067	13,121	37,076	163,976
Minority interest in net (income)/loss of subsidiaries	(119)	(161)	167	(144)	(257)
Income from continuing operations	107,089	53,838	18,153	64,233	243,313
Discontinued operations, net of income taxes	2,390	5,407	3,358	4,532	15,687
Cumulative effect of a change in accounting principle, net of income taxes[2]	–	–	–	(5,527)	(5,527)
Net income	$109,479	$ 59,245	$ 21,511	$ 63,238	$ 253,473
Average number of common shares outstanding					
Basic	145,868	145,524	145,214	145,153	145,440
Diluted	146,771	146,003	145,602	145,407	145,877
Basic earnings per share:					
Income from continuing operations	$ 0.73	$ 0.37	$ 0.13	$ 0.44	$ 1.67
Discontinued operations, net of income taxes – Broadcast Media Group	0.02	0.04	0.02	0.04	0.11
Cumulative effect of a change in accounting principle, net of income taxes	–	–	–	(0.04)	(0.04)
Net income	$ 0.75	$ 0.41	$ 0.15	$ 0.44	$ 1.74
Diluted earnings per share:					
Income from continuing operations	$ 0.73	$ 0.37	$ 0.13	$ 0.44	$ 1.67
Discontinued operations, net of income taxes – Broadcast Media Group	0.02	0.04	0.02	0.03	0.11
Cumulative effect of a change in accounting principle, net of income taxes	–	–	–	(0.04)	(0.04)
Net income	$ 0.75	$ 0.41	$ 0.15	$ 0.43	$ 1.74
Dividends per share	$ .155	$ .165	$ .165	$ .165	$ .65

	For the Quarter Ended March 27, 2005[3]			
(In thousands, except per share data)	As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$805,583	$(31,317)	$ (648)	$773,618
Costs and expenses	720,457	(27,266)	2,207	695,398
Gain on sale of assets[1]	122,946	–	–	122,946
Operating profit	208,072	(4,051)	(2,855)	201,166
Net income from joint ventures	(248)	–	–	(248)
Interest expense – net	14,248	–	–	14,248
Other income	1,250	–	–	1,250
Income from continuing operations before income taxes and minority interest	194,826	(4,051)	(2,855)	187,920
Income taxes	83,658	(1,661)	(1,285)	80,712
Minority interest	(119)	–	–	(119)
Income from continuing operations	111,049	(2,390)	(1,570)	107,089
Discontinued operations, net of income taxes – Broadcast Media Group	–	2,390	–	2,390
Net income	$111,049	$ –	$(1,570)	$109,479
Basic earnings per share:				
Income from continuing operations	$ 0.76	$ (0.02)	$ (0.01)	$ 0.73
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.02	–	0.02
Net income	$ 0.76	$ –	$ (0.01)	$ 0.75
Diluted earnings per share:				
Income from continuing operations	$ 0.76	$ (0.02)	$ (0.01)	$ 0.73
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.02	–	0.02
Net income	$ 0.76	$ –	$ (0.01)	$ 0.75

(In thousands, except per share data)	For the Quarter Ended June 26, 2005[3] As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$845,069	$ (37,184)	$ (648)	$ 807,237
Costs and expenses	738,527	(28,019)	2,207	712,715
Operating profit	106,542	(9,165)	(2,855)	94,522
Net income from joint ventures	3,138	–	–	3,138
Interest expense – net	11,844	–	–	11,844
Other income	1,250	–	–	1,250
Income from continuing operations before income taxes and minority interest	99,086	(9,165)	(2,855)	87,066
Income taxes	38,110	(3,758)	(1,285)	33,067
Minority interest	(161)	–	–	(161)
Income from continuing operations	60,815	(5,407)	(1,570)	53,838
Discontinued operations, net of income taxes – Broadcast Media Group	–	5,407	–	5,407
Net income	$ 60,815	$ –	$(1,570)	$ 59,245
Basic earnings per share:				
Income from continuing operations	$ 0.42	$ (0.04)	$ (0.01)	$ 0.37
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.04	–	0.04
Net income	$ 0.42	$ –	$ (0.01)	$ 0.41
Diluted earnings per share:				
Income from continuing operations	$ 0.42	$ (0.04)	$ (0.01)	$ 0.37
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.04	–	0.04
Net income	$ 0.42	$ –	$ (0.01)	$ 0.41

(In thousands, except per share data)	For the Quarter Ended September 25, 2005[3] As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$791,083	$(33,280)	$ (648)	$ 757,155
Costs and expenses	746,004	(27,588)	2,205	720,621
Operating profit	45,079	(5,692)	(2,853)	36,534
Net income from joint ventures	5,000	–	–	5,000
Interest expense – net	11,677	–	–	11,677
Other income	1,250	–	–	1,250
Income from continuing operations before income taxes and minority interest	39,652	(5,692)	(2,853)	31,107
Income taxes	16,738	(2,334)	(1,283)	13,121
Minority interest	167	–	–	167
Income from continuing operations	23,081	(3,358)	(1,570)	18,153
Discontinued operations, net of income taxes – Broadcast Media Group	–	3,358	–	3,358
Net income	$ 23,081	$ –	$(1,570)	$ 21,511
Basic earnings per share:				
Income from continuing operations	$ 0.16	$ (0.02)	$ (0.01)	$ 0.13
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.02	–	0.02
Net income	$ 0.16	$ –	$ (0.01)	$ 0.15
Diluted Earnings per share:				
Income from continuing operations	$ 0.16	$ (0.02)	$ (0.01)	$ 0.13
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.02	–	0.02
Net income	$ 0.16	$ –	$ (0.01)	$ 0.15

(In thousands, except per share data)	For the Quarter Ended December 25, 2005[3] As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
Revenues	$931,040	$ (37,274)	$ (648)	$893,118
Costs and expenses	809,679	(29,041)	2,206	782,844
Operating profit	121,361	(8,233)	(2,854)	110,274
Net income from joint ventures	2,161	–	–	2,161
Interest expense – net	11,399	–	–	11,399
Other income	417	–	–	417
Income from continuing operations before income taxes and minority interest	112,540	(8,233)	(2,854)	101,453
Income taxes	41,736	(3,376)	(1,284)	37,076
Minority interest	(144)	–	–	(144)
Income from continuing operations	70,660	(4,857)	(1,570)	64,233
Discontinued operations, net of income taxes – Broadcast Media Group	–	4,532	–	4,532
Cumulative effect of a change in accounting principle, net of income taxes	(5,852)	325	–	(5,527)
Net income	$ 64,808	$ –	$(1,570)	$ 63,238
Basic earnings per share:				
Income from continuing operations	$ 0.49	$ (0.04)	$ (0.01)	$ 0.44
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.04	–	0.04
Cumulative effect of a change in accounting principle, net of income taxes	(0.04)	–	–	(0.04)
Net income	$ 0.45	$ –	$ (0.01)	$ 0.44
Diluted earnings per share:				
Income from continuing operations	$ 0.49	$ (0.03)	$ (0.02)	$ 0.44
Discontinued operations, net of income taxes – Broadcast Media Group	–	0.03	–	0.03
Cumulative effect of a change in accounting principle, net of income taxes	(0.04)	–	–	(0.04)
Net income	$ 0.45	$ –	$ (0.02)	$ 0.43

[1] The first quarter of 2005 includes a $122.9 million pre-tax gain from the sale of assets. The Company completed the sale of its current headquarters in New York City for $175.0 million, which resulted in a total pre-tax gain of $143.9 million, of which $114.5 million ($63.3 million after tax or $0.43 per diluted share) was recognized in the first quarter of 2005. The remainder of the gain is being deferred and amortized over the lease term in accordance with GAAP. In addition, the Company sold property in Sarasota, Fla., which resulted in a pre-tax gain in the first quarter of 2005 of $8.4 million ($5.0 million after tax or $0.03 per diluted share). See Note 8 of the Notes to the Consolidated Financial Statements.

[2] The Company adopted FIN 47 during the fourth quarter of 2005 and accordingly recorded an after-tax charge of $5.5 million or $0.04 per diluted share ($9.9 million pre-tax). See Note 8 of the Notes to the Consolidated Financial Statements.

[3] See Note 2 of the Notes to the Consolidated Financial Statements.

Earnings per share amounts for the quarters do not necessarily equal the respective year-end amounts for earnings per share due to the weighted average number of shares outstanding used in the computations for the respective periods. Earnings per share amounts for the respective quarters and years have been computed using the average number of common shares outstanding.

The Company's largest source of revenue is advertising. Seasonal variations in advertising revenues cause the Company's quarterly consolidated results to fluctuate. Second-quarter and fourth-quarter advertising volume is typically higher than first-quarter and third-quarter volume because economic activity tends to be lower during the winter and summer. Quarterly trends are also affected by the overall economy and economic conditions that may exist in specific markets served by each of the Company's business segments as well as the occurrence of certain international, national and local events.

Condensed Consolidated Balance Sheets

(In thousands)	As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
	As of March 26, 2006[1]			
Assets				
Current Assets	$ 597,229	$ (3,945)	$ 2,685	$ 595,969
Assets held for sale	–	356,963	–	356,963
Investments in Joint Ventures	239,601	–	–	239,601
Property, Plant and Equipment – net	1,502,875	(66,570)	–	1,436,305
Goodwill	1,440,650	(40,579)	–	1,400,071
Other Intangibles – net	404,332	(234,534)	–	169,798
Miscellaneous Assets	340,076	(11,335)	26,160	354,901
Total Assets	$ 4,524,763	$ –	$ 28,845	$4,553,608
Liabilities and Stockholders' Equity				
Current Liabilities	$ 1,024,787	$ 11,337	$ (7,773)	$ 1,028,351
Other Liabilities	1,764,147	(11,337)	101,277	1,854,087
Minority Interest	208,719	–	–	208,719
Common stockholders' equity	1,527,110	–	(64,659)	1,462,451
Total Liabilities and Stockholders' Equity	$ 4,524,763	$ –	$ 28,845	$4,553,608

(In thousands)	As Previously Reported	Discontinued Operations	Restatement Adjustments	Restated and Reclassified
	As of June 25, 2006[1]			
Assets				
Current Assets	$ 735,788	$ (2,824)	$ 2,747	$ 735,711
Assets held for sale	–	354,082	–	354,082
Investments in Joint Ventures	245,914	–	–	245,914
Property, Plant and Equipment – net	1,552,167	(64,456)	–	1,487,711
Goodwill	1,444,621	(41,675)	–	1,402,946
Other Intangibles – net	397,974	(234,222)	–	163,752
Miscellaneous Assets	232,082	(10,905)	24,222	245,399
Total Assets	$4,608,546	$ –	$ 26,969	$4,635,515
Liabilities and Stockholders' Equity				
Current Liabilities	$1,202,006	$ 10,931	$ (7,085)	$1,205,852
Other Liabilities	1,636,893	(10,931)	97,134	1,723,096
Minority Interest	232,945	–	–	232,945
Common stockholders' equity	1,536,702	–	(63,080)	1,473,622
Total Liabilities and Stockholders' Equity	$4,608,546	$ –	$ 26,969	$4,635,515

(In thousands)	As of September 24, 2006[1] As Previously Reported	Restatement Adjustments	Restated
Assets			
Current Assets	$ 816,440	$ 2,611	$ 819,051
Assets held for sale	355,846	–	355,846
Investments in Joint Ventures	147,028	–	147,028
Property, Plant and Equipment – net	1,309,465	–	1,309,465
Goodwill	1,440,818	–	1,440,818
Other Intangibles – net	157,272	–	157,272
Miscellaneous Assets	223,309	22,282	245,591
Total Assets	$4,450,178	$24,893	$4,475,071
Liabilities and Stockholders' Equity			
Current Liabilities	$1,310,958	$ (6,901)	$1,304,057
Other Liabilities	1,590,262	92,990	1,683,252
Minority Interest	5,617	–	5,617
Common stockholders' equity	1,543,341	(61,196)	1,482,145
Total Liabilities and Stockholders' Equity	$4,450,178	$24,893	$4,475,071

[1] *See Note 2 of the Notes to the Consolidated Financial Statements.*

SCHEDULE II-VALUATION AND QUALIFYING ACCOUNTS

For the Three Years Ended December 31, 2006

Column A	Column B	Column C	Column D	Column E	Column F
Description (In thousands)	**Balance at beginning of period**	**Additions charged to costs and expenses or revenues**	**Additions related to Acquisitions**	**Deductions for purposes for which accounts were set up**	**Balance at end of period**
Year Ended December 31, 2006					
Deducted from assets to which they apply					
Accounts receivable allowances:					
Uncollectible accounts	$21,363	$20,020	$120	$26,543	$14,960
Rate adjustments and discounts	7,203	38,079	–	35,532	9,750
Returns allowance	11,088	894	–	852	11,130
Total	$39,654	$58,993	$120	$62,927	$35,840
Year Ended December 25, 2005 (Restated)					
Deducted from assets to which they apply					
Accounts receivable allowances:					
Uncollectible accounts	$18,561	$23,398	$488	$21,084	$21,363
Rate adjustments and discounts	3,722	33,035	–	29,554	7,203
Returns allowance	10,423	2,780	–	2,115	11,088
Total	$32,706	$59,213	$488	$52,753	$39,654
Year Ended December 26, 2004 (Restated)					
Deducted from assets to which they apply					
Accounts receivable allowances:					
Uncollectible accounts	$18,325	$22,286	$ –	$22,050	$18,561
Rate adjustments and discounts	6,026	21,626	–	23,930	3,722
Returns allowance	6,284	8,471	–	4,332	10,423
Total	$30,635	$52,383	$ –	$50,312	$32,706