RESTATEMENT OF FINANCIAL STATEMENTS

The following "Management's Discussion and Analysis of Financial Condition and Results of Operations" reflects the restatements discussed below and in Note 2 of the Notes to the Consolidated Financial Statements.

In this Annual Report on Form 10-K, we are restating the Consolidated Balance Sheet as of December 25, 2005, 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, and Quarterly Information (Unaudited) for the first three quarters of 2006 and all of fiscal 2005. We have not amended our previously filed Annual Reports on Form 10-K for the periods affected by this restatement. See "Item 6 – Selected Financial Data" and Note 2 (Restatement of Financial Statements) of the Notes to the Consolidated Financial Statements for more detailed information regarding the restatement and the changes to the previously issued financial statements.

The previously issued financial statements are being restated because we have determined that they contain errors in accounting for pension and postretirement liabilities. The reporting errors arose principally from the 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 multi-employer plans. The plans' participants include employees of The New York Times and a Company subsidiary, as well as employees of the plans' administrator. We have concluded that, under accounting principles generally accepted in the United States of America ("GAAP"), the plans should have been accounted for as single-employer plans. The main effect of the change is that we must account for the present value of projected future benefits to be provided under the plans. Previously, we had recorded the expense of our annual contributions to the plans. While the calculations will increase our reported expense, the accounting changes will not materially increase our funding obligations, which are regulated by our collective bargaining agreements with the union.

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

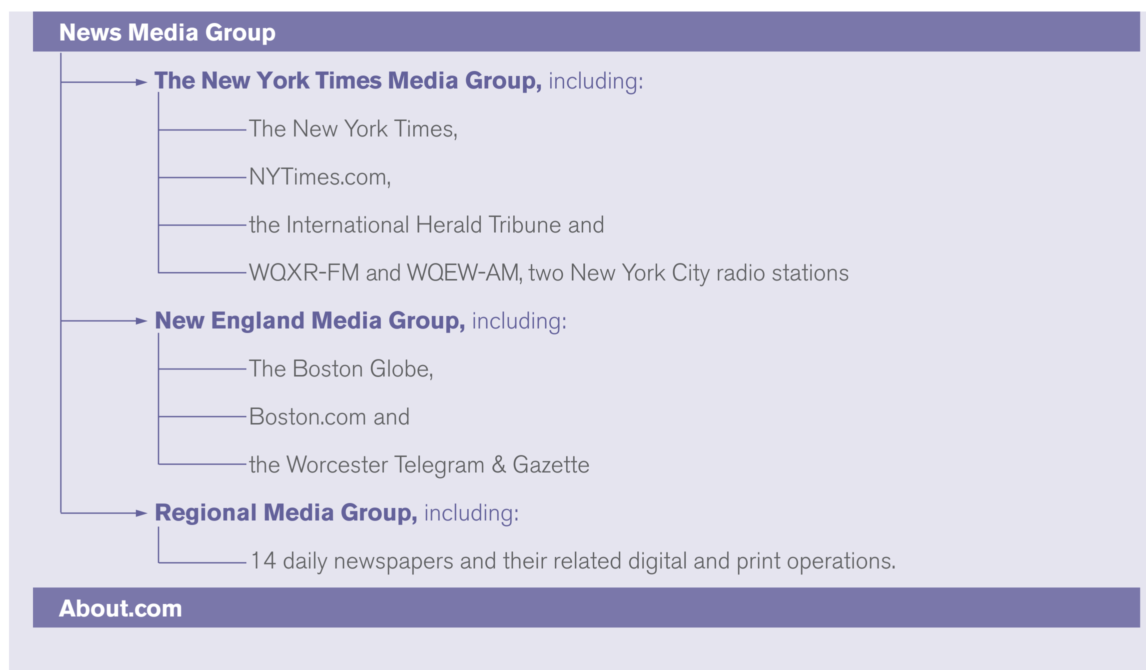
The annual and quarterly earnings per share ("EPS") impact of the restatement for the three-year period ending December 31, 2006, is as follows:

	Quarter				
	First	Second	Third	Fourth	Year
2006 Basic and Diluted EPS					
As Reported – Basic	**$0.24**	**$0.42**	**$0.10**	**N/A**	**N/A**
As Restated – Basic	**$0.22**	**$0.41**	**$0.09**	**N/A**	**N/A**
As Reported – Diluted	**$0.24**	**$0.42**	**$0.10**	**N/A**	**N/A**
As Restated – Diluted	**$0.22**	**$0.41**	**$0.09**	**N/A**	**N/A**
2005 Basic and Diluted EPS					
As Reported – Basic	$0.76	$0.42	$0.16	$0.45	$1.79
As Restated – Basic	$0.75	$0.41	$0.15	$0.44	$1.74
As Reported – Diluted	$0.76	$0.42	$0.16	$0.45	$1.78
As Restated – Diluted	$0.75	$0.41	$0.15	$0.43	$1.74
2004 Basic and Diluted EPS					
As Reported – Basic	$0.39	$0.51	$0.33	$0.76	$1.98
As Restated – Basic	$0.38	$0.50	$0.32	$0.75	$1.95
As Reported – Diluted	$0.38	$0.50	$0.33	$0.75	$1.96
As Restated – Diluted	$0.38	$0.49	$0.32	$0.74	$1.93

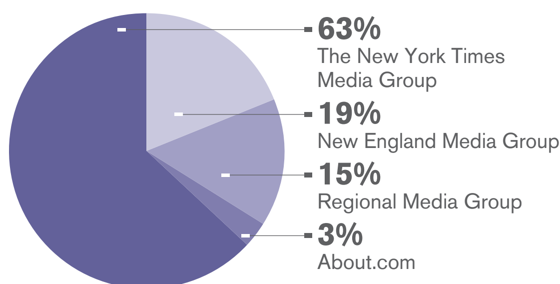
The cumulative effect of the restatement resulted in a reduction in stockholder's equity of approximately $65 million as of December 25, 2005. See Note 2 of the Notes to the Consolidated Financial Statements.

EXECUTIVE OVERVIEW

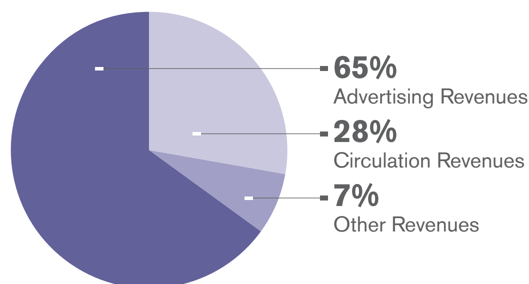
We are a leading media and news organization serving our audiences through print, online and mobile technology. Our segments and divisions are:



Our revenues were $3.3 billion in 2006. The percentage of revenues contributed by division is below.



News Media Group revenues in 2006 by category and percentage share are below.



News Media Group

The News Media Group generates revenues principally from print, online, and radio advertising and through circulation. Other revenues, which make up the remainder of its revenues, primarily consist of revenues from wholesale delivery operations, news services, digital archives, TimesSelect, commercial printing and direct marketing. The News Media Group's main operating expenses are employee-related costs and raw materials, primarily newsprint.

About.com

About.com generates revenues from display advertising that is relevant to its adjacent content, cost-per-click advertising (sponsored links for which About.com is paid when a user clicks on the ad), and e-commerce. Almost all of its revenues (95% in 2006) are derived from the sale of advertisements (display and cost-per-click advertising). Cost-per-click advertising accounted for 50% of About.com's total advertising revenues. About.com's main operating expenses are employee-related costs and content and hosting costs.

Broadcast Media Group

On January 3, 2007, we entered into an agreement to sell our 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. The results of the Broadcast Media Group are reported as discontinued operations.

Joint Ventures

The Company's investments accounted for under the equity method are as follows:

- a 49% interest in Metro Boston LLC, which publishes a free daily newspaper catering to young professionals and students in the Greater Boston area,
- a 49% interest in a Canadian newsprint company, Donohue Malbaie Inc.,
- a 40% interest in a partnership, Madison Paper Industries, operating a supercalendered paper mill in Maine, and
- an approximately 17% interest in New England Sports Ventures, 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.

Business Environment

We operate in the highly competitive media industry. We believe that a number of factors and industry trends have had, and will continue to have, a fundamental effect on our business and prospects. These include:

Increasing competition

Competition for advertising revenue that our businesses face affects our ability both to attract and retain advertisers and consumers and to maintain or increase our advertising rates. We expect technological developments will continue to increase the number of media choices, intensifying the challenges posed by audience fragmentation.

We have expanded and will continue to expand our online and mobile offerings; however, most of our revenues are currently from traditional print products. Our print advertising revenues have declined. We believe that this decline, particularly in classified advertising, is due to a shift to online media or to other forms of media and marketing.

Economic conditions

Our advertising revenues, which account for approximately 65% of our News Media Group revenues, are susceptible to economic swings. National and local economic conditions, particularly in the New York City and Boston metropolitan regions, affect the level of our national, classified and retail advertising revenue.

In addition, a significant portion of our advertising revenues comes from the studio entertainment, department store, and automotive sectors. Consolidation among key advertisers in these and other categories as well as changes in spending practices or priorities has depressed, and may continue to depress, our advertising revenue. We believe that categories that have historically generated significant amounts of advertising revenues for our businesses are likely to continue to be challenged in 2007. These include studio entertainment, telecommunications, and help-wanted and automotive classified advertising and, within the New England Media Group, department store advertising.

Circulation

Circulation is another significant source of revenue for us. In recent years, we, along with the newspaper industry as a whole, have experienced difficulty increasing circulation volume and revenues. This is due to, among other factors, increased competition from new media formats and sources, and shifting preferences among some consumers to receive all or a portion of their news from sources other than a newspaper.

Expenses

Our most significant expenses are for compensation–related costs and raw materials, which account for approximately 52% of total costs and expenses. Changes in the price of newsprint or in compensation–related expenses can materially affect our operating results.

For a discussion of these and other factors that could affect our results of operations and financial conditions, see "Forward-Looking Statements" and "Item 1A – Risk Factors."

Our Strategy

We anticipate that these challenges will continue, and we believe that the following elements are key to our efforts to address them.

New products and services

We are addressing the increasingly fragmented media landscape by building on the strength of our brands, particularly of The New York Times. To further leverage these brands, we have introduced and will continue to introduce a number of new products and services in print and online. In 2006, these included new specialty magazines in New York and Boston, zoned and special sections across other properties, new ad placements, including section

fronts at nearly all of our newspapers, and new weekly newspapers in our Regional Media Group.

Online, we redesigned NYTimes.com, increased editorial content at About.com through increased guides, launched a local search product on Boston.com, and acquired Baseline StudioSystems, the primary business-to-business supplier of proprietary entertainment information to the film and television industries.

On February 14, 2007, we announced a strategic alliance with Monster Worldwide, Inc. to further build our online recruitment product offering.

We expect our revenues from Internet-related businesses, including About.com, NYTimes.com, Boston.com, iht.com and the sites associated with our regional newspapers, to grow approximately 30 percent to approximately $350 million in 2007, mainly from organic growth.

Leadership in content categories

In addition to reinforcing our leadership in our individual properties, we seek to maintain and develop leadership in key content categories, such as entertainment, luxury real estate and travel, categories we believe appeal to our distinctive audience and will deepen their engagement with our products.

Through the 2005 acquisition of About.com, we gained leadership in a number of online "verticals." One of the top 15 most visited Web sites in 2006, About.com is the third-largest commercial health channel and third-largest food channel on the Internet, according to Nielsen//NetRatings. In September, we strengthened its health offerings by acquiring Calorie-Count.com, a site that offers weight loss tools and nutritional information.

Innovation

In 2006, we implemented a research and development capability to better help us anticipate consumer preferences. This initiative is closely linked to our operating units so that its work can have both near- and long-term business impact. As a result of these efforts, in 2006, we launched new mobile Web sites in New York, Boston and Gainesville.

Rebalanced portfolio

We continuously evaluate our businesses to determine whether they are meeting their targets for financial performance, growth and return on investment and whether they remain relevant to our strategy.

As a result of this analysis, in October 2006, we sold our investment in Discovery Times Channel. On January 3, 2007, we entered into an agreement to sell our Broadcast Media Group to allow us to focus on developing our print and digital businesses. In the first quarter of 2007, we expect to complete the sale of one of our two radio stations.

At the same time, we have made selective acquisitions and investments, such as the acquisitions of Baseline and Calorie-Count.com.

Expense management

Managing expenses is a key component of our strategy. We continuously review our expense structure to ensure that we are operating our businesses efficiently. We focus on reducing costs by streamlining our operations, freeing up resources and achieving cost benefits from productivity gains.

In 2006, our cost-control efforts principally addressed employee-related costs and newsprint expense, our main operating expenses. We have implemented staff reductions, partially offset by increases from acquisitions and hiring in critical areas. We continually monitor newsprint prices, which are subject to supply and demand market conditions, and have adopted a number of measures to reduce newsprint consumption.

As part of our efforts to reduce costs, in July 2006, we announced plans to consolidate our New York metro area printing into our newer facility in College Point, N.Y., and to close our older Edison, N.J., facility. We also announced that we would reduce the size of all editions of The Times, with the printed page decreasing from 13.5 by 22 inches to 12 by 22 inches. We expect to complete the reduction in the third quarter of 2007 and the plant consolidation in the second quarter of 2008.

With the plant consolidation, we expect to save $30 million in lower operating costs annually and to avoid the need for approximately $50 million in capital investment at the Edison facility over the next 10 years. We expect to incur capital expenditures of $135 million related to the plant consolidation.

As part of the plant consolidation, we expect a workforce reduction of approximately 250 full-time equivalent employees. We have identified total costs to close the Edison facility in the range of $104 million to $128 million, principally consisting of accelerated depreciation charges, as well as staff reduction charges and plant restoration costs. We expect to exit the facility in the second quarter of 2008 and, depending on the disposition of the property, may recognize additional charges with respect to our lease, which continues through 2018.

With the web-width reduction, we expect to save more than $10 million annually from decreased newsprint consumption. We expect to incur capital expenditures of $15 million related to the reduction.

We are nearing completion of our new headquarters building in New York City, which we expect to occupy in the second quarter of 2007. The midtown Manhattan real estate market has improved significantly since we began development. Because of staff reductions and the housing of some departments in lower cost office space, we are now planning to lease five floors, totaling approximately 155,000 square feet, or one-fifth of our space.

2007 Expectations

The key financial measures for 2007 discussed in the table below are computed under GAAP.

Item	2007 Expectation
Newsprint cost per ton	Decline in the low-single digits
Depreciation & amortization	$195 to $205 million[1]
Net income from joint ventures	$10 to $15 million
Interest expense	$48 to $52 million
Capital expenditures	$340 to $370 million[2]
Cost savings and productivity gains	$65 to $75 million[3]

[1] Includes $45 to $48 million of accelerated depreciation expense associated with the consolidation of the New York metro area printing plants and depreciation expense of approximately $16 to $19 million for the new headquarters building in the second half of 2007.
[2] Includes $170 to $190 million for our new headquarters building and $75 million for the plant consolidation.
[3] Excludes certain one-time expenses, mainly staff reduction costs.

RESULTS OF OPERATIONS

Overview

Unless 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. Fiscal year 2006 comprises 53 weeks and fiscal years 2005 and 2004 each comprise 52 weeks. The effect of the 53rd week ("additional week") on revenues, costs and expenses is discussed below.

The results for the fiscal year 2006 include the effect of a non-cash charge for the impairment of goodwill and other intangible assets at the New England Media Group. See "– Impairment of Intangible Assets" below for a detailed discussion of the impairment charge. The following discussion reflects the restatements discussed above and in Note 2 of the Notes to the Consolidated Financial Statements.

				% Change	
	2006	**2005**	**2004**		**05-04**
(In thousands)		**(Restated)**	**(Restated)**	**06-05**	**(Restated)**
Revenues					
Advertising	**$2,153,936**	$2,139,486	$ 2,053,378	0.7	4.2
Circulation	**889,722**	873,975	883,995	1.8	(1.1)
Other	**246,245**	217,667	222,039	13.1	(2.0)
Total revenues	**3,289,903**	3,231,128	3,159,412	1.8	2.3
Costs and expenses					
Production costs:					
Raw materials	**330,833**	321,084	296,594	3.0	8.3
Wages and benefits	**665,304**	652,216	635,087	2.0	2.7
Other	**533,392**	495,588	474,978	7.6	4.3
Total production costs	**1,529,529**	1,468,888	1,406,659	4.1	4.4
Selling, general and administrative expenses	**1,466,552**	1,442,690	1,290,140	1.7	11.8
Total costs and expenses	**2,996,081**	2,911,578	2,696,799	2.9	8.0
Impairment of intangible assets	**814,433**	–	–	N/A	N/A
Gain on sale of assets	**–**	122,946	–	N/A	N/A
Operating (loss)/profit	**(520,611)**	442,496	462,613	*	(4.3)
Net income from joint ventures	**19,340**	10,051	240	92.4	*
Interest expense, net	**50,651**	49,168	41,760	3.0	17.7
Other income	**–**	4,167	8,212	N/A	(49.3)
(Loss)/income from continuing operations before income taxes and minority interest	**(551,922)**	407,546	429,305	*	(5.1)
Income taxes	**16,608**	163,976	163,731	(89.9)	0.1
Minority interest in net loss/(income) of subsidiaries	**359**	(257)	(589)	*	(56.4)
(Loss)/income from continuing operations	**(568,171)**	243,313	264,985	*	(8.2)
Discontinued operations, net of income taxes-Broadcast Media Group	**24,728**	15,687	22,646	57.6	(30.7)
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(5,527)	–	N/A	N/A
Net (loss)/income	**$ (543,443)**	$ 253,473	$ 287,631	*	(11.9)

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

Revenues

Revenues by reportable segment and for the Company as a whole were as follows:

(In millions)	2006	2005 (Restated)	2004 (Restated)	% Change 06-05	% Change 05-04 (Restated)
Revenues					
News Media Group	**$3,209.7**	$ 3,187.2	$3,159.4	0.7	0.9
About.com (from March 18, 2005)	**80.2**	43.9	–	82.5	N/A
Total	**$3,289.9**	$3,231.1	$3,159.4	1.8	2.3

News Media Group

Advertising, circulation and other revenues by division of the News Media Group and for the Group as a whole were as follows:

(In millions)	2006	2005 (Restated)	2004 (Restated)	% Change 06-05	% Change 05-04 (Restated)
The New York Times Media Group					
Advertising	**$1,268.6**	$1,262.2	$1,222.1	0.5	3.3
Circulation	**637.1**	615.5	615.9	3.5	(0.1)
Other	**171.6**	157.0	165.0	9.3	(4.8)
Total	**$ 2,077.3**	$2,034.7	$2,003.0	2.1	1.6
New England Media Group					
Advertising	**$ 425.7**	$ 467.6	$ 481.6	(9.0)	(2.9)
Circulation	**163.0**	170.7	181.0	(4.5)	(5.7)
Other	**46.6**	37.0	38.0	25.9	(2.6)
Total	**$ 635.3**	$ 675.3	$ 700.6	(5.9)	(3.6)
Regional Media Group					
Advertising	**$ 383.2**	$ 367.5	$ 349.7	4.3	5.1
Circulation	**89.6**	87.8	87.1	2.1	0.8
Other	**24.3**	21.9	19.0	11.1	14.8
Total	**$ 497.1**	$ 477.2	$ 455.8	4.2	4.7
Total News Media Group					
Advertising	**$ 2,077.5**	$ 2,097.3	$2,053.4	(0.9)	2.1
Circulation	**889.7**	874.0	884.0	1.8	(1.1)
Other	**242.5**	215.9	222.0	12.3	(2.8)
Total	**$3,209.7**	$ 3,187.2	$3,159.4	0.7	0.9

Advertising Revenue

Advertising revenue is primarily determined by the volume, rate and mix of advertisements. In 2006, News Media Group advertising revenues decreased compared to 2005 primarily due to lower print volume, which was partially offset by the effect of the additional week in fiscal 2006 as well as higher rates and higher online advertising revenues. Print advertising revenues declined 2.7% while online advertising revenues increased 27.1%.

In 2005, advertising revenues increased due to higher advertising rates and a 29.5% growth in online advertising revenues, partially offset by lower print volume due to a weak print advertising market.

During the last few years, our results have been adversely affected by a weak print advertising environment. Print advertising volume for the News Media Group was as follows:

(Inches in thousands, preprints in thousands of copies)	2006	2005	2004	% Change 06-05	% Change 05-04
News Media Group					
National	**2,399.5**	2,468.4	2,512.4	(2.8)	(1.7)
Retail	**6,396.3**	6,511.7	6,541.8	(1.8)	(0.5)
Classified	**9,509.4**	9,532.2	9,675.5	(0.2)	(1.5)
Part Run/Zoned	**1,989.8**	2,087.3	2,215.6	(4.7)	(5.8)
Total	**20,295.0**	20,599.6	20,945.3	(1.5)	(1.7)
Preprints	**2,963,946**	2,979,723	2,897,241	(0.5)	2.8

Advertising revenues (print and online) by category for the News Media Group were as follows:

(In millions)	2006	2005 (Restated)	2004 (Restated)	% Change 06-05	% Change 05-04 (Restated)
News Media Group					
National	**$ 938.2**	$ 948.4	$ 926.3	(1.1)	2.4
Retail	**495.4**	499.8	490.5	(0.9)	1.9
Classified	**578.7**	590.5	579.5	(2.0)	1.9
Other	**65.2**	58.6	57.1	11.4	2.6
Total	**$2,077.5**	$2,097.3	$2,053.4	(0.9)	2.1

The New York Times Media Group

Advertising revenues were slightly higher in 2006 than 2005 primarily due to higher rates and the effect of the additional week partially offset by lower print volume. Online advertising increased in the retail, national and classified categories. These increases were offset by declines in the automotive and help-wanted classified categories, as well as national and retail print advertising categories.

In 2006, national advertising, which represented 64% of the Group's advertising revenues, was on a par with the prior year. This was principally the result of reduced spending in the studio entertainment and national automotive categories offset by revenues from the additional week as well as growth in a number of national ad categories including advocacy, American fashion and pharmaceutical. Classified advertising, which represented 20% of the Group's advertising revenues, was on a par with the prior year as weakness in automotive and help-wanted advertising offset strong gains in real estate advertising and revenues from the additional week. Retail advertising, which represented 14% of the Group's advertising revenues, was on a par with the prior year mainly because of revenues from the additional week.

Advertising revenues were higher in 2005 than 2004 mainly due to increases in the retail and national advertising categories and growth in our online revenue partially offset by lower print classified advertising revenues.

In 2005, national advertising, which represented 65% of the Group's advertising revenues, increased as strength in financial services, corporate and national automotive advertising offset weakness in the telecommunications, studio entertainment and technology products categories. Classified advertising, which represented 20% of the Group's advertising revenues, rose as gains in real estate advertising offset softness in automotive and help-wanted. Retail advertising, which represented 14% of the Group's advertising revenues, rose as growth in fashion/jewelry store advertising offset weakness in home furnishing store advertising.

New England Media Group

Advertising revenues were lower in 2006 primarily due to lower print volume and rates. Print advertising declines in the national, retail, classified and other advertising categories were partially offset by incremental revenues from the additional week and growth in all online categories.

In 2006, classified advertising, which represented 38% of the Group's advertising revenues, decreased due to weakness in help-wanted, automotive and real estate advertising. Retail advertising, which represented 31% of the Group's advertising revenues in 2006, declined primarily due to a decrease in department store advertising as a result of the consolidation of two large retailers. National advertising, which represented 26% of the Group's advertising

revenues, declined mainly because of weakness in national automotive, telecommunications, travel and financial services advertising.

Advertising revenues were lower in 2005 than 2004 mainly due to decreases in all advertising categories partially offset by increases in online advertising.

In 2005, classified advertising, which represented 39% of the Group's advertising revenues, decreased as weakness in automotive advertising offset growth in real estate and help-wanted advertising. Retail advertising, which represented 30% of the Group's advertising revenues, declined primarily due to softness in the home furnishing store, department store and apparel/footwear categories. National advertising, which represented 26% of the Group's advertising revenues, declined mainly because of weakness in travel, studio entertainment, telecommunications and national automotive advertising.

Regional Media Group

Advertising revenues were higher in 2006 primarily due to increased revenues in the real estate classified and retail advertising categories, growth in online advertising and the effect of the additional week.

In 2006, retail advertising, which represented 48% of the Group's advertising revenues, increased due to growth in home improvement advertising and gains in a number of other retail categories offset by softness in telecommunications and department store advertising. Classified advertising, which represented 43% of the Group's advertising revenues, increased as strong growth in real estate advertising and the additional week offset weakness in automotive and help-wanted advertising.

Advertising revenues were higher in 2005 than 2004 mainly due to increases in the help-wanted classified and retail advertising categories and the growth in our online revenues partially offset by lower automotive classified advertising revenues.

In 2005, retail advertising, which represented 49% of the Group's advertising revenues, increased as strength in home furnishing advertising and gains in a number of other retail categories offset weakness in grocery store and department store advertising. Classified advertising, which represented 42% of the Group's advertising revenues, increased as growth in help-wanted and real estate advertising offset weakness in automotive advertising.

Circulation Revenue

Circulation revenue is based on the number of copies sold and the subscription rates charged to customers. Circulation revenues increased in 2006 primarily as a result of the increase in home delivery rates at The New York Times and the effect of the additional week in fiscal 2006, partially offset by fewer copies sold. At the New England Media Group, circulation revenues decreased primarily due to lower volume. At the Regional Media Group, circulation revenues increased primarily due to the effect of the additional week.

Circulation revenues in 2005 decreased slightly compared with 2004 mainly due to a decrease in copies sold at the Globe. Circulation revenues at The New York Times Media Group and Regional Media Group were flat in 2005 compared with 2004.

Other Revenues

Other revenues increased in 2006 primarily due to the introduction of TimesSelect, a fee-based product that charges non-print subscribers for access to our columnists and archives, increased revenues from wholesale delivery operations and revenues from Baseline, which we acquired in August 2006.

In 2005, other revenues decreased compared to 2004, primarily due to lower revenues from wholesale delivery operations.

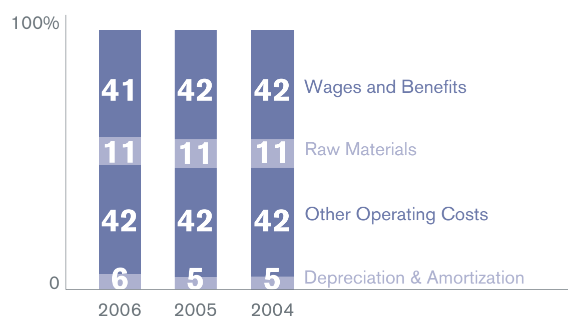
About.com

In 2006, its first full year under our ownership, About.com's revenue increased 82.5% from 2005, which reflected revenues from the acquisition date (March 18, 2005). The increase was due to the inclusion of a full year of revenues as well as an increase in display, cost-per-click advertising revenues and other revenues.

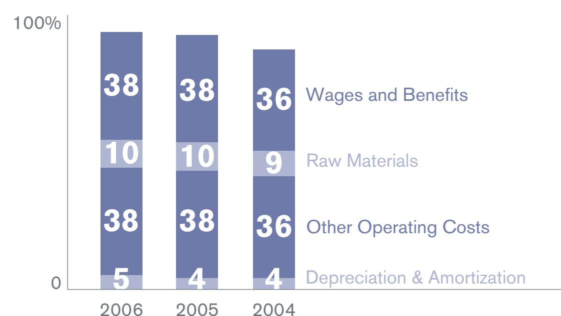
Costs and Expenses

Below is a chart of our consolidated costs and expenses. The information for 2005 and 2004 reflects the restatement described above.

Components of Consolidated Costs and Expenses



Consolidated Costs and Expenses as a Percentage of Revenues



Costs and expenses were as follows:

				% Change	
	2006	2005	2004	06-05	05-04
(In millions)		(Restated)	(Restated)		(Restated)
Production costs:					
Raw materials	**$ 330.8**	$ 321.1	$ 296.6	3.0	8.3
Wages and benefits	**665.3**	652.2	635.1	2.0	2.7
Other	**533.4**	495.6	475.0	7.6	4.3
Total production costs	**1,529.5**	1,468.9	1,406.7	4.1	4.4
Selling, general and administrative expenses	**1,466.6**	1,442.7	1,290.1	1.7	11.8
Total costs and expenses	**$2,996.1**	$2,911.6	$2,696.8	2.9	8.0

Production Costs

Total production costs in 2006 increased 4.1% ($60.6 million) compared to 2005 primarily due to higher depreciation expense ($22.3 million), compensation-related expenses ($13.1 million), editorial and outside printing costs ($11.7 million) and raw materials expense ($9.7 million). Increases in editorial and outside printing costs and newsprint expense were primarily due to the effect of the additional week in our fiscal year 2006. The additional week contributed a total of approximately $31.7 million in additional production costs. Depreciation expense increased due to the accelerated depreciation for certain assets at our Edison, N.J., printing plant, which we are in the process of closing. Newsprint expense rose 2.2% in 2006 compared with 2005 due to an 8.9% increase from higher prices partially offset by a 6.7% decrease from lower consumption.

Total production costs in 2005 were unfavorably affected by the acquisition of About.com and incremental stock-based compensation expense resulting from the adoption of FAS 123-R. Total production costs increased 4.4% ($62.2 million) in 2005 compared with 2004 primarily due to increased raw materials expense ($24.5 million), compensation-related expenses ($17.1 million) and outside printing costs ($12.6 million). Newsprint expense rose 6.7% in 2005 compared with 2004, due to an 8.0% increase from higher prices partially offset by a 1.3% decrease from lower consumption.

Selling, General and Administrative Expenses

Total selling, general and administrative expenses ("SGA") increased 1.7% ($23.9 million) primarily due to increased compensation-related expenses ($19.8 million), distribution and promotion expenses ($15.8 million) and depreciation and amortization expense ($4.5 million), which were partially offset by lower staff reduction expenses ($25.0 million). Increases in compensation-related expenses were primarily due to higher incentive and benefit costs

partially offset by savings due to staff reductions. The additional week contributed approximately $5.1 million in additional SGA expenses.

In 2005, SGA expenses increased 11.8% ($152.6 million) compared with 2004 primarily due to increased staff reduction expenses ($54.6 million), incremental stock-based compensation expense ($24.8 million) as a result of the adoption of FAS 123-R, distribution expense ($21.8 million), promotion expense ($19.3 million) and expenses from About.com, which was acquired in March 2005.

The following table sets forth consolidated costs and expenses by reportable segment, Corporate and the Company as a whole.

(In millions)	2006	2005	2004	% Change 06-05	% Change 05-04
Costs and expenses					
News Media Group	**$2,892.5**	$2,826.5	$2,648.3	2.3	6.7
About.com (from March 18, 2005)	**49.4**	32.3	–	53.1	N/A
Corporate	**54.2**	52.8	48.5	2.6	8.8
Total	**$2,996.1**	$2,911.6	$2,696.8	2.9	8.0

News Media Group

In 2006, costs for the News Media Group increased 2.3% ($66.0 million) compared to 2005 primarily due to increased compensation-related expenses ($29.3 million), depreciation and amortization expense ($24.4 million), and outside printing and distribution expense ($20.4 million), which were partially offset by lower staff reduction costs ($22.9 million). Increases in compensation-related expenses were primarily due to higher incentive and benefit costs partially offset by savings due to staff reductions. Depreciation expense increased primarily due to the accelerated depreciation for certain assets at our Edison, N.J., printing plant, which we are in the process of closing ($20.8 million).

In 2005, costs and expenses for the News Media Group increased 6.7% ($178.3 million) due to staff reduction expenses ($53.5 million) and the recognition of stock-based compensation (21.9 million) expense as well as increased distribution ($22.2 million), promotion and outside printing expenses ($32.6 million), mainly because of circulation initiatives, and higher newsprint ($24.5 million) and compensation-related expense ($14.5 million).

About.com

Costs and expenses for About.com increased 53.1% from $32.3 million to $49.4 million primarily due to higher compensation-related expenses ($5.2 million), and editorial costs ($4.3 million). Additionally, 2006 reflected costs for the entire year, while 2005 only included costs from the date of acquisition.

Corporate

Costs and expenses for Corporate increased in 2006 compared with 2005 primarily due to increased compensation-related expenses partially offset by decreases in professional fees.

Costs and expenses for Corporate increased in 2005 compared with 2004 primarily due to increased compensation-related expenses (including stock-based compensation).

Depreciation and Amortization

Consolidated depreciation and amortization by reportable segment, Corporate and the Company as a whole, were as follows:

(In millions)	2006	2005	2004	% Change 06-05	% Change 05-04
Depreciation and Amortization					
News Media Group	**$143.7**	$119.3	$124.6	20.4	(4.3)
About.com (from March 18, 2005)	**11.9**	9.2	–	30.1	N/A
Corporate	**6.7**	7.0	9.4	(4.0)	(25.6)
Total Depreciation and Amortization	**$162.3**	$135.5	$134.0	19.8	1.0

In 2006, depreciation and amortization increased compared to 2005 primarily due to the accelerated depreciation for certain assets at our Edison, N.J., printing plant, which we are in the process of closing.

Impairment of Intangible Assets

Our 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 the write-down of intangible assets of the New England Media Group. The New England Media Group, which includes the Globe, Boston.com and the Worcester Telegram & Gazette, is part of our 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 our 2006 Consolidated Statement of Operations, is presented below by intangible asset:

(In millions)	Pre-tax	Tax	After-tax
Goodwill	$782.3	$65.0	$ 717.3
Customer list	25.6	10.8	14.8
Newspaper masthead	6.5	2.7	3.8
Total	$814.4	$ 78.5	$735.9

The impairment of the intangible assets 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 masthead was calculated by estimating the present value of future cash flows associated with each asset.

Gain on Sale of Assets

In the first quarter of 2005, we recognized a pre-tax gain of $122.9 million from the sale of our existing New York City headquarters as well as property in Florida.

Operating Profit

Consolidated operating profit by reportable segment, Corporate and the Company as a whole, were as follows:

				% Change	
	2006	2005	2004	06-05	05-04
(In millions)		(Restated)	(Restated)		(Restated)
Operating Profit (Loss):					
News Media Group	**$317.2**	$360.6	$511.1	(12.1)	(29.4)
About.com (from March 18, 2005)	**30.8**	11.7	–	*	N/A
Corporate	**(54.2)**	(52.7)	(48.5)	2.6	8.8
Impairment of intangible assets	**(814.4)**	–	–	N/A	N/A
Gain on sale of assets	**–**	122.9	–	N/A	N/A
Total Operating (Loss)/Profit	**$(520.6)**	$442.5	$462.6	*	(4.3)

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

We discuss the reasons for the year-to-year changes in each segment's and Corporate's operating profit in the "Revenues" and "Costs and Expenses" sections above.

NON-OPERATING ITEMS

Net Income/(Loss) from Joint Ventures

We have investments in Metro Boston, two paper mills (Malbaie and Madison) and NESV, which are accounted for under the equity method. Our proportionate share of these investments is recorded in "Net income from joint ventures" in our Consolidated Statements of Operations. See Note 7 of the Notes to the Consolidated Financial Statements for additional information regarding these investments. In October 2006, we sold our 50% ownership interest in Discovery Times Channel, a digital cable channel, for $100 million, resulting in a pre-tax loss of $7.8 million.

Net income from joint ventures increased in 2006 to $19.3 million from $10.1 million in 2005. While 2006 included a loss of $7.8 million from the sale of our interest in Discovery Times Channel, it was more than offset by higher results from all of our equity investments.

We recorded income from joint ventures of $10.1 million in 2005 and $0.2 million in 2004. The increase in 2005 was primarily due to improved performance at Discovery Times Channel and NESV.

Interest Expense, Net

Interest expense, net, was as follows:

(In millions)	2006	2005	2004
Interest expense	**$73.5**	$60.0	$51.4
Loss from extinguishment of debt	**–**	4.8	–
Interest income	**(7.9)**	(4.4)	(2.4)
Capitalized interest	**(14.9)**	(11.2)	(7.2)
Interest expense, net	**$50.7**	$49.2	$41.8

"Interest expense, net" increased in 2006 compared with 2005 and in 2005 compared with 2004 due to higher levels of debt outstanding and higher short-term interest rates. The increases were partially offset by higher levels of capitalized interest related to our new headquarters as well as higher interest income. Interest income was primarily related to funds we advanced on behalf of our development partner for the construction of our new headquarters.

Other Income

"Other income" in our Consolidated Statements of Operations includes the following items:

(In millions)	2005	2004
Non-compete agreement	$4.2	$5.0
Advertising credit	–	3.2
Other income	$4.2	$8.2

We 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 that we issued that were not used within the allotted time by the advertiser.

Income Taxes

In 2006, the effective income tax rate was 3.0% because the majority of the non-cash impairment charge of $814.4 million at the New England Media Group is non-deductible for tax purposes. Excluding the non-cash charge, the effective income tax rate would have been 36.2% in 2006 compared with 40.2% in 2005 and 38.1% in 2004. The decrease in the effective income tax rate in 2006 compared to 2005 is primarily due to non-taxable income related to our retiree drug subsidy and higher non-taxable income from our corporate-owned life insurance plan. The increase in the effective income tax rate in 2005 compared to 2004 is primarily due to the tax effect of the gain from selling our current headquarters in 2005.

Discontinued Operations

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

In accordance with the provisions of FAS No. 144, Accounting for the Impairment of Long-Lived Assets ("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 in our Consolidated Financial Statements. The results of operations presented as discontinued operations are summarized below.

See Note 5 of the Notes to the Consolidated Financial Statements for additional information regarding discontinued operations.

(In millions)	2006	2005	2004
Revenues	**$156.8**	$139.0	$145.6
Total costs and expenses	**115.4**	111.9	107.2
Pre-tax income	**41.4**	27.1	38.4
Income taxes	**16.7**	11.1	15.7
Cumulative effect of a change in accounting principle, net of income taxes	**–**	(0.3)	–
Discontinued operations, net of income taxes	**$ 24.7**	$ 15.7	$ 22.7

Cumulative Effect of a Change in Accounting Principle

In March 2005, the FASB issued FASB Interpretation No. ("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 was effective no later than the end of fiscal year ending after December 15, 2005. We 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 our 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.

See Note 8 of the Notes to the Consolidated Financial Statements for additional information regarding the cumulative effect of this accounting change.

LIQUIDITY AND CAPITAL RESOURCES

Overview

The following table presents information about our financial position as of December 2006 and December 2005.

Financial Position Summary

(In millions)	2006	2005 (Restated)	% Change 06-05
Cash and cash equivalents	**$72.4**	$44.9	61.1
Short-term debt[1]	**650.9**	498.1	30.7
Long-term debt[1]	**795.0**	898.3	(11.5)
Stockholders' equity	**819.8**	1450.8	(43.5)
Ratios:			
Total debt to total capitalization	**64%**	49%	30.6
Current ratio	**.91**	.95	(4.2)

[1] Short-term debt includes the current portion of long-term debt (none in 2005), commercial paper outstanding and current portion of capital lease obligations and, in 2006, a construction loan discussed below. Long-term debt also includes the long-term portion of capital lease obligations.

In 2007 we expect our cash balance, cash provided from operations, and available third-party financing, described below, to be sufficient to meet our normal operating commitments and debt service requirements, to fund planned capital expenditures, to pay dividends to our stockholders, to repurchase shares of our Class A Common Stock and to make contributions to our pension plans. In addition, we expect to use the proceeds from the sales of the Broadcast Media Group and WQEW to reduce our debt, which will increase our borrowing capacity in the future for potential acquisitions, investments or capital projects.

We repurchase Class A Common Stock under our 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. In 2006 we repurchased 2.2 million shares of Class A Common Stock at a cost of approximately $51 million, and in 2005 we repurchased 1.7 million shares of Class A Common Stock at a cost of approximately $57 million.

For the June 2006 dividend on our Class A and Class B Common Stock, the Board of Directors authorized a $.01 per share increase in the quarterly dividend on our Class A and Class B Common Stock to $.175 per share from $.165 per share. Subsequent quarterly dividend payments in September and December 2006 were also made at this rate. We paid dividends of approximately $100 million in 2006, $95 million in 2005 and $90 million in 2004.

In 2006 and 2005 we made contributions of $15.3 million and $54.0 million, respectively to our qualified pension plans.

Plant Consolidation

In July 2006, we announced plans to consolidate our New York metro area printing into our newer facility in College Point, N.Y., and to close our older Edison, N.J., facility. We expect to save $30 million in lower operating costs annually and to avoid the need for approximately $50 million in capital investment at the Edison facility over the next 10 years. We expect to incur capital expenditures of $135 million related to the plant consolidation. We have identified total costs to close the Edison facility in the range of $104 million to $128 million, principally consisting of accelerated depreciation charges, as well as staff reduction charges and plant restoration costs. We expect to exit the facility in the second quarter of 2008 and, depending on the disposition of the property, may recognize additional charges with respect to our lease, which continues through 2018.

New Headquarters Building

We are nearing completion of our new headquarters building in New York City (the "Building"), which we expect to occupy in the second quarter of 2007. In August 2006, the Building was converted to a leasehold condominium, and one of our wholly owned subsidiaries ("NYT") and a subsidiary of Forest City Ratner Companies ("FC"), our development partner, each acquired ownership of its respective leasehold condominium units. See Note 19 of the Notes to the Consolidated Financial Statements for additional information regarding the Building.

Before the Building was converted to a leasehold condominium, the leasehold interest in the Building was held by a limited liability company in which NYT and FC are members (the "Building Partnership"). Because the Company has a majority interest in the Building Partnership, FC's interest in the Building was consolidated in our 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 FC's condominium units and capital expenditures (see below) are no longer consolidated in our financial statements.

Actual and anticipated capital expenditures in connection with the Building, 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 our existing headquarters, 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 our financial statements through August 2006, when the Building was converted to a leasehold condominium. FC's actual capital expenditures from 2001, the beginning of the project, through August 2006 were approximately $239 million.

In addition to other sources of liquidity described below under "– Third-Party Financing," our investment in the Building also represents a potential source of funding for us. After substantial completion, which we expect will be in the third quarter of 2007, we may consider whether to enter into financing arrangements for our condominium interest, such as mortgage financing. The decision of whether or not to do so will depend upon our capital requirements, market conditions and other factors.

Capital Resources

Sources and Uses of Cash

Cash flows by category were as follows:

				% Change	
	2006	2005	2004	06-05	05-04
(In millions)		(Restated)	(Restated)		(Restated)
Operating activities	**$ 422.3**	$ 294.3	$ 444.0	43.5	(33.7)
Investing activities	**$(288.7)**	$(495.5)	$(192.1)	(41.7)	*
Financing activities	**$(106.2)**	$ 204.4	$(249.2)	*	*

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

Our current priorities for use of cash are:

- Investing in high-return capital projects that will improve operations, increase revenues and reduce costs,
- Construction of the Building,
- Making acquisitions and investments that are both financially and strategically sound,
- Reducing our debt to allow for financing flexibility in the future,
- Providing our shareholders with a competitive dividend, and
- Repurchasing our stock.

Operating Activities

The primary source of our liquidity is cash flows from operating activities. The key component of operating cash flow is cash receipts from advertising customers. Advertising has provided approximately 65% of total revenues over the past three years. Operating cash inflows also include cash receipts from circulation sales and other revenue transactions such as TimesSelect, wholesale delivery operations, news services, direct marketing, digital archives, and commercial printing. Operating cash outflows include payments to vendors for raw materials, services and supplies, payments to employees, and payments of interest and income taxes.

Net cash provided by operating activities increased approximately $128 million in 2006 compared with 2005. In 2006, accounts receivable collections were higher than in 2005 due to the additional week in our 2006 fiscal year, which resulted in increased collections from our customers. In 2005, we paid higher income taxes related to the gain on the sale of our current headquarters and made higher pension contributions to our qualified pension plans. Our contributions to our qualified pension plans decreased in 2006 primarily due to an increase in interest rates and better performance of our pension assets.

Net cash provided by operating activities decreased in 2005 primarily due to lower cash earnings. In 2005, while revenues increased approximately 2% over 2004, this increase was more than offset by an 8% increase in costs and expenses. In addition, income taxes paid were higher in 2005 compared with 2004 due to the gain on the sale of our current headquarters.

Investing Activities

Cash from investing activities generally includes proceeds from the sale of assets or a business. Cash used in investment activities generally includes payments for the acquisition of new businesses, equity investments and capital expenditures.

Net cash used in investing activities decreased in 2006 compared with 2005, primarily due to lower acquisition activity. In 2006 we acquired Baseline and Calorie-Count for approximately $35 million and in 2005 we acquired About.com, KAUT-TV and North Bay Business Journal for approximately $438 million. In 2005, we also received proceeds of approximately $183 million from the sale of our current New York headquarters and property in Sarasota, Fla. In 2006, we received $100 million from the sale of our 50% ownership interest in Discovery Times Channel, and we had additional capital expenditures primarily related to the construction of the Building.

Net cash used in investing activities increased in 2005 compared with 2004 primarily due to the acquisitions and investment made in 2005 partially offset by proceeds from the sale of assets.

Capital expenditures (on an accrual basis) were $358.4 million in 2006, $229.5 million in 2005 and $211.2 million in 2004. The 2006, 2005 and 2004 amounts include costs related to the Building of approximately $192 million, $87 million and $58 million as well as our development partner's costs, of $55 million, $54 million and $42 million, respectively. See Note 19 of the Notes to the Consolidated Financial Statements for additional information regarding the Building.

Financing Activities

Cash from financing activities generally includes borrowings under our commercial paper program, the issuance of long-term debt and funds from stock option exercises. Cash used in financing activities generally includes the repayment of commercial paper and long-term debt, the payment of dividends and the repurchase of our Class A Common Stock.

Net cash used in financing activities in 2006 was primarily for the payment of dividends ($100.1 million), the repayment of commercial paper borrowings ($74.4 million) and stock repurchases ($52.3 million), which were partially offset by borrowings under a construction loan, attributable to our development partner, in connection with the construction of the Building. See Note 19 of the Notes to the Consolidated Financial Statements.

Net cash provided by financing activities in 2005 was primarily from the issuance of commercial paper and long-term debt ($658.6 million) to finance the acquisition of About.com, partially offset by the repayment of long-term debt ($323.5 million), the

payment of dividends ($94.5 million) and stock repurchases ($57.4 million). In 2004, net cash used in financing activities was primarily due to stock repurchases ($293.2 million) and the payment of dividends ($90.1 million).

See our Consolidated Statements of Cash Flows for additional information on our sources and uses of cash.

Third-Party Financing

We have the following financing sources available to supplement cash flows from operations:

- a commercial paper facility,
- revolving credit agreements and
- medium-term notes.

Total unused borrowing capacity under all financing arrangements was $572.1 million as of December 2006.

Our total debt, including commercial paper, capital lease obligations, and a construction loan, was $1.4 billion as of December 2006 and 2005. See Note 9 of the Notes to the Consolidated Financial Statements for additional information.

Our short- and long-term debt is rated investment grade by the major rating agencies. In May 2006, Moody's Investors Service lowered its rating on our long-term debt to Baa1 from A2 and lowered its rating on our short-term debt to P2 from P1. In July 2006, Standard and Poor's lowered its rating on our long-term debt to A- from A and lowered its rating on our short-term debt to A-2 from A-1. In December 2006, Standard and Poor's lowered its rating on our long-term debt and senior unsecured debt to BBB+ from A-. We have no liabilities subject to accelerated payment upon a ratings downgrade and do not expect the downgrades of our long-term and short-term debt ratings to have any material impact on our ability to borrow. However, as a result of these downgrades, we may incur higher borrowing costs for any future long-term and short-term issuances. We do not currently expect these to be significant.

Commercial Paper

Our liquidity requirements are primarily funded through the issuance of commercial paper. In the third quarter of 2006, we increased the amount available under our commercial paper program, which is supported by the revolving credit agreements described below, to $725 million from $600 million. Our commercial paper is unsecured and can have maturities of up to 270 days.

We had $422.0 million in commercial paper outstanding as of December 2006, with a weighted average interest rate of 5.5% per annum and an average of 63 days to maturity from original issuance. We had $496.5 million in commercial paper outstanding as of December 2005, with a weighted average interest rate of 4.3% per annum and an average of 53 days to maturity from original issuance.

Revolving Credit Agreements

The primary purpose of our $800 million revolving credit agreements is to support our commercial paper program. In addition, these revolving credit agreements provide a facility for the issuance of letters of credit. In June 2006, we replaced our $270 million multi-year credit agreement with a $400 million credit agreement maturing in June 2011. Of the total $800.0 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), we have issued letters of credit of approximately $31 million. The remaining balance of approximately $769 million supports our commercial paper program discussed above. There were no borrowings outstanding under the revolving credit agreements as of December 2006.

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

The revolving credit agreements contain a covenant that requires specified levels of stockholders' equity (as defined in the agreements). The amount of stockholders' equity in excess of the required levels was approximately $618 million as of December 2006. 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 above and in Note 2 of the Notes to the Consolidated Financial Statements.

Medium-Term Notes

Our liquidity requirements may also be funded through the public offer and sale of notes under our $300.0 million medium-term note program. As of December 2006, we had issued $75.0 million of medium-term notes under this program. Under our current effective shelf registration, $225.0 million of medium-term notes may be issued from time to time.

Construction Loan

Until January 2007, we were a co-borrower under a $320 million non-recourse construction loan in connection with the construction of the Building. We did not draw down on the construction loan, which is being used by our development partner. However, as a co-borrower, we were required to record the amount outstanding of the construction loan on our financial statements. We also recorded a receivable

due from our 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 9 and 19 of the Notes to the Consolidated Financial Statements for additional information. In January 2007, through an amendment to the construction loan, we were released as a co-borrower, although the construction lender remains obligated to continue to fund the balance of the construction loan required to complete construction of the Building. See Note 20 of the Notes to the Consolidated Financial Statements.

Contractual Obligations

The information provided is based on management's best estimate and assumptions as of December 2006. Actual payments in future periods may vary from those reflected in the table.

	Payment due in				
(In millions)	Total	2007	2008-2009	2010-2011	Later Years
Long-term debt[1]	$ 825.5	$102.0	$148.5	$250.0	$325.0
Capital leases[2]	119.7	7.9	18.7	19.1	74.0
Operating leases[2]	86.9	19.4	19.8	12.5	35.2
Benefit plans[3]	984.3	82.0	169.1	180.9	552.3
Total	$2,016.4	$211.3	$356.1	$462.5	$986.5

[1] Excludes commercial paper of $422.0 million as of December 2006. This amount will be paid in 2007. See Note 9 of the Notes to the Consolidated Financial Statements for additional information related to our commercial paper program and long-term debt.

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

[3] Includes estimated benefit payments, net of plan participant contributions, under our sponsored pension and postretirement plans. The liabilities related to both plans are included in "Pension benefits obligation" and "Postretirement benefits obligation" in our Consolidated Balance Sheets. Payments included in the table above have been estimated over a ten-year period; therefore the amounts included in the "Later Years" column include payments for the period of 2011-2015. While benefit payments under these plans are expected to continue beyond 2015, we believe that an estimate beyond this period is unreasonable. See Notes 12 and13 of the Notes to the Consolidated Financial Statements for additional information related to our pension and postretirement plans.

In addition to the pension and postretirement liabilities included in the table above, "Other Liabilities-Other" in our Consolidated Balance Sheets include liabilities related to i) deferred compensation, primarily consisting of our deferred executive compensation plan (the "DEC plan"), ii) tax contingencies and iii) various other liabilities. These liabilities are not included in the table above primarily because the future payments are not determinable. The DEC plan enables certain eligible executives to elect to defer a portion of their compensation on a pre-tax basis. While the deferrals are initially for a period of a minimum of two years (after which time taxable distributions must begin), the executive has the option to extend the deferral period. Therefore, the future payments under the DEC plan are not determinable. Our tax contingency liability is related to various current and potential tax audit issues. This liability is determined based on our 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, and the timing of such payments, which are not expected within one year, cannot be determined. See Note 14 of the Notes to the Consolidated Financial Statements for additional information on "Other Liabilities-Other."

We have a contract with a major paper supplier to purchase newsprint. The contract requires us to purchase annually the lesser of a fixed number of tons or a percentage of our total newsprint requirement at market rate in an arms-length transaction. Since the quantities of newsprint purchased annually under this contract are based on our total newsprint requirement, the amount of the related payments for these purchases are excluded from the table above.

Off-Balance Sheet Arrangements

We have outstanding guarantees on behalf of a third party that provides circulation customer service, telemarketing and home-delivery services for The Times and the Globe and on behalf of third parties that provide printing and distribution services for The Times's National Edition. As of December 2006, the aggregate potential liability under these guarantees was approximately $30 million. See Note 19 of the Notes to the Consolidated Financial Statements for additional information regarding our guarantees as well as our commitments and contingent liabilities.

CRITICAL ACCOUNTING POLICIES

Our Consolidated Financial Statements are prepared in accordance with GAAP. The preparation of these financial statements requires management to make

estimates and assumptions that affect the amounts reported in the Consolidated Financial Statements for the periods presented.

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

We believe our critical accounting policies include our accounting for long-lived assets, retirement benefits, stock-based compensation, income taxes, self-insurance liabilities and accounts receivable allowances. Additional information about these policies can be found in Note 1 of the Notes to the Consolidated Financial Statements. Specific risks related to our critical accounting policies are discussed below.

Long-Lived Assets

Goodwill and other intangible assets not amortized are tested for impairment in accordance with FAS No. 142, Goodwill and Other Intangible Assets ("FAS 142"), and all other long-lived assets are tested for impairment in accordance with FAS 144.

Long-Lived Assets

(In millions)	2006	2005 (Restated)
Long-lived assets	**$2,160**	$2,977
Total assets	**3,856**	$4,564
Percentage of long-lived assets to total assets	**56%**	65%

The impairment analysis is considered critical to our segments because of the significance of long-lived assets to our Consolidated Balance Sheets.

We evaluate whether there has been an impairment of goodwill or intangible assets not amortized on an annual basis or if certain circumstances indicate that a possible impairment may exist. All other long-lived assets are tested for impairment if certain circumstances indicate that a possible impairment exists. We test 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 (e.g., mastheads and FCC licenses) 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.

All other long-lived assets (intangible assets that are amortized, such as a subscriber list, and property, plant and equipment) 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 long-lived assets are estimated future cash flows, present value discount rate, as well as 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 its long-lived 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.

Management has applied what it believes to be the most appropriate valuation methodology for each of its reporting units.

Retirement Benefits

Our pension plans and postretirement benefit plans are accounted for using actuarial valuations required by FAS No. 87, Employers' Accounting for Pensions ("FAS 87"), FAS No. 106, Employers' Accounting for Postretirement Benefits Other Than Pensions ("FAS 106"), and FAS No. 158, Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans ("FAS 158").

We adopted FAS 158 as of December 31, 2006. FAS 158 requires an entity to recognize the funded status of its defined benefit 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.

As of December 31, 2006, our pension obligation was approximately $390 million (net of a pension asset of approximately $8 million), including approximately $142 million, representing the underfunded status of our qualified pension plans, and approximately $248 million, representing the unfunded status of our non-qualified pension plans. Of the total net pension obligation, approximately $322 million is recorded through accumulated other comprehensive income, of which approximately $310 million represents unrecognized actuarial losses and approximately $12 million represents unrecognized prior service costs.

As of December 31, 2006, our postretirement obligation was approximately $270 million, representing the unfunded status of our postretirement plans. Approximately $4 million of income is recorded through accumulated other comprehensive income, of which approximately $81 million represents unrecognized prior service credits, partially offset by approximately $77 million of unrecognized actuarial losses.

The amounts recorded within accumulated other comprehensive income will be recognized through pension or postretirement expense in future periods. See Notes 12 and 13 of the Notes to the Consolidated Financial Statements for additional information.

Pension & Postretirement Liabilities

(In millions)	2006	2005 (Restated)
Pension & postretirement liabilities	**$ 668**	$ 649
Total liabilities	**$3,030**	$2,924
Percentage of pension & postretirement liabilities to total liabilities	**22%**	22%

We consider accounting for retirement plans critical to all of our operating segments because management is required to make significant subjective judgments about a number of actuarial assumptions, which include discount rates, health-care cost trend rates, salary growth, long-term return on plan assets and mortality rates.

Depending on the assumptions and estimates used, the pension and postretirement benefit expense could vary within a range of outcomes and could have a material effect on our Consolidated Financial Statements.

Our key retirement benefit assumptions are discussed in further detail under "– Pension and Postretirement Benefits."

Stock-Based Compensation

We account for stock-based compensation in accordance with the fair value recognition provisions of FAS 123-R. Under the fair value recognition provisions of FAS 123-R, stock-based compensation cost is measured at the grant date based on the value of the award and is recognized as expense over the appropriate vesting period. Determining the fair value of stock-based awards at the grant date requires judgment, including estimating the expected term of stock options, the expected volatility of our stock and expected dividends. In addition, judgment is required in estimating the amount of stock-based awards that are expected to be forfeited. If actual results differ significantly from these estimates or different key assumptions were used, it could have a material effect on our Consolidated Financial Statements. See Note 16 of the Notes to the Consolidated Financial Statements for additional information regarding stock-based compensation expense.

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.

We consider accounting for income taxes critical to our operations because management is required to make significant subjective judgments in

developing our provision for income taxes, including the determination of deferred tax assets and liabilities, and any valuation allowances that may be required against deferred tax assets.

In addition, we operate within multiple taxing jurisdictions and are subject to audit in these jurisdictions. These audits can involve complex issues, which could require an extended period of time to resolve. The completion of these audits could result in an increase to or a refund of amounts previously paid to the taxing jurisdictions. We do not expect the completion of these audits to have a material effect on our Consolidated Financial Statements.

Self-Insurance

We self-insure 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. Actual experience, including claim frequency and severity as well as health-care inflation, could result in different liabilities than the amounts currently recorded. The recorded liabilities for self-insured risks were approximately $71 million as of December 2006 and $68 million as of December 2005.

Accounts Receivable Allowances

Credit is extended to our advertisers and subscribers based upon an evaluation of the customers' financial condition, and collateral is not required from such customers. We use prior credit losses as a percentage of credit sales, the aging of accounts receivable and specific identification of potential losses to establish reserves for credit losses on accounts receivable. In addition, we establish reserves for estimated rebates, rate adjustments and discounts based on historical experience.

Accounts Receivable Allowances

(In millions)	2006	2005 (Restated)
Accounts receivable allowances	**$ 36**	$ 40
Accounts receivable-net	**403**	440
Accounts receivable-gross	**$ 439**	$ 480
Total current assets	**$1,185**	$1,015
Percentage of accounts receivable allowances to gross accounts receivable	**8%**	8%
Percentage of net accounts receivable to current assets	**34%**	43%

We consider accounting for accounts receivable allowances critical to all of our operating segments because of the significance of accounts receivable to our current assets and operating cash flows. If the financial condition of our customers were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances might be required, which could have a material effect on our Consolidated Financial Statements.

PENSION AND POSTRETIREMENT BENEFITS

Pension Benefits

We sponsor several pension plans, and make contributions to several others that are considered multi-employer pension plans, in connection with collective bargaining agreements. These plans cover substantially all employees.

Our 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 provision formulas detailed in each plan. Our non-qualified plans provide retirement benefits only to certain highly compensated employees.

We also have 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 our total benefit obligation.

Prior to the fourth quarter of 2006, a pension plan between the Company and its subsidiaries, on the one hand, and The New York Times Newspaper Guild, on the other, was accounted for as a multi-employer pension plan. We have concluded that it should have been accounted for as a single-employer pension plan and have restated prior periods to account for the plan under FAS 87. See Note 2 of the Notes to the Consolidated Financial Statements.

Pension expense is calculated using a number of actuarial assumptions, including an expected long-term rate of return on assets (for qualified plans) and a discount rate. Our methodology in selecting these actuarial assumptions is discussed below.

Long-Term Rate of Return on Assets

In determining the expected long-term rate of return on assets, we evaluated input from our 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, we

considered our historical 10-year and 15-year compounded returns, which have been in excess of our forward-looking return expectations.

The expected long-term rate of return determined on this basis was 8.75% in 2006. We anticipate that our pension assets will generate long-term returns on assets of at least 8.75%. The expected long-term rate of return on plan assets is based on an asset allocation assumption of 65% to 75% with equity managers, with an expected long-term rate of return on assets of 10%, and 25% to 35% with fixed income/real estate managers, with an expected long-term rate of return on assets of 6%.

Our actual asset allocation as of December 2006 was in line with our expectations. We regularly review our actual asset allocation and periodically rebalance our investments to our targeted allocation when considered appropriate.

We believe that 8.75% is a reasonable expected long-term rate of return on assets. Our plan assets had a rate of return of approximately 16% for 2006 and 12% for the three years ended December 2006.

Our determination of pension expense or income is based on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation of assets recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the market-related value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of assets will be affected as previously deferred gains or losses are recorded.

If we had decreased our expected long-term rate of return on our plan assets by 0.5% in 2006, pension expense would have increased by approximately $6 million in 2006 for our qualified pension plans. Our funding requirements would not have been materially affected.

See Note 12 of the Notes to the Consolidated Financial Statements for additional information regarding our pension plans.

Discount Rate

We select a 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.

If we had decreased the expected discount rate by 0.5% in 2006, pension expense would have increased by approximately $15 million for our qualified pension plans and $1 million for our non-qualified pension plans. Our funding requirements would not have been materially affected.

We will continue to evaluate all of our actuarial assumptions, generally on an annual basis, including the expected long-term rate of return on assets and discount rate, and will adjust as necessary. Actual pension expense will depend on future investment performance, changes in future discount rates, the level of contributions we make and various other factors related to the populations participating in the pension plans.

Postretirement Benefits

We provide 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. Our policy is to pay our portion of insurance premiums and claims from our assets.

In addition, we contribute to a postretirement plan under the provisions of a collective bargaining agreement. Prior to the fourth quarter of 2006, a postretirement plan between the Company and its subsidiaries, on the one hand, and The New York Times Newspaper Guild, on the other, was accounted for as a multi-employer plan. We have concluded that it should have been accounted for as a single-employer plan and have restated prior periods to account for this plan under FAS 106. See Note 2 of the Notes to the Consolidated Financial Statements.

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

The annual postretirement expense was calculated using a number of actuarial assumptions, including a health-care cost trend rate and a discount rate. The health-care cost trend rate range used to calculate the 2006 postretirement expense decreased to 5% to 10.5% from 5% to 11.5%. A 1% increase/decrease in the health-care cost trend rates range would result in an increase of approximately $4 million or a decrease of approximately $3 million in our 2006 service and interest costs, respectively, two factors included in the calculation of postretirement expense. A 1% increase/decrease in the health-care cost trend rates would result in an increase of approximately $32 million or a decrease of approximately $26 million, in our accumulated benefit obligation as of December 2006. Our discount rate assumption for postretirement benefits is consistent with that used in the calculation of pension benefits. See "– Pension Benefits" above for a discussion about our discount rate assumption.

In February 2006 we announced amendments, such as the elimination of retiree-medical benefits to new employees and the elimination of life insurance benefits to new retirees, to our postretirement benefit plans 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 with benefits comparable to that of the previous benefits plan. These changes will reduce our future obligations and expense under these plans.

See Note 13 of the Notes to the Consolidated Financial Statements for additional information regarding our postretirement plans.

RECENT ACCOUNTING PRONOUNCEMENTS

In June 2006, FASB issued 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 that we recognize in our 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 our 2007 fiscal year, with the cumulative effect of the change in accounting principle recorded as an adjustment to opening retained earnings. We estimate 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 we complete our analysis.

In September 2006, 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. We are currently evaluating the impact of adopting FAS 157 on our financial statements.

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 after November 15, 2007. We are currently evaluating the impact of adopting FAS 159 on our financial statements.