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A Nonprofit Model for The New York Times?

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"Arthur (Sulzberger) Jr. must reinvent the Times just as his great-grandfather did in 1896, using the same tools: a talent for leadership, an idealistic vision leavened by rigorous pragmatism and the nerves of a gambler. . . . He is bolstered by a family that has willingly sacrificed wealth and personal ambition for the sake of the institution that is both their obligation and their glory. Now, his task is to preserve the Times, and all it represents, and pass it on to yet another generation."

The Trust, Susan E. Tifft and Alex S. Jones

When the authors of *The Trust* wrote those concluding words in 1999, The New York Times was one of the newspaper industry's "Big Three" – along with The Wall Street Journal and The Washington Post. All three newspapers were owned by "publicly traded" companies that had established family trusts designed to preserve and protect the journalistic legacies of those institutions. A dual class of stock gave the majority of the voting rights to those trusts.

A mere decade later, the Journal and its parent company, Dow Jones, have been subsumed by Rupert Murdoch's much larger News Corporation, ending a century of independence and stewardship by the Bancroft family. And both the Washington Post and The New York Times have been hit by an economic double whammy crippling the newspaper industry – the worst advertising recession in decades, coupled with the internet's capacity to wreak destruction on long-standing business models.

The Graham family and the Post are insulated somewhat from the destruction assaulting newspapers because of the fortuitous 1984 purchase of Kaplan Inc., which has served as a growth engine in recent years. The online education company represented more than 50% of The Washington Post Company's revenues of $4.5 billion in 2008, and its profit of $206 million offset losses of $193 million at the newspaper.

But The New York Times Company, which sold its magazine division and television stations over the last decade, is primarily a newspaper company. Approximately 87 percent of its 2008 revenues – $2.6 billion – came from its print newspapers (including The Boston Globe and a dozen or so small to mid-sized regional newspapers in New England, the South and the West) and $236.4 million from web sites associated with its newspapers. About.com, purchased by the Times in 2005 for $410 million, contributed the only non-newspaper revenue – $115 million. The Times Company's 2008 operating loss

of $41 million included $160 million in charges to write down the value of the Globe and the New England Media Group. The Times acquired the Globe in 1993 for $1.1 billion. After several impairment charges over the years, the Globe is currently carried on the books for less than $100 million.

In addition to being more exposed to the vicissitudes of the newspaper industry than some of its peers, the Times Company is saddled with heavy costs and debt. Suddenly, the family trust, set up in the 20th century and designed to protect and preserve a "national treasure," is under assault.

A number of writers and industry observers have proposed both nonprofit and for-profit arrangements that might conceivably "save" the Times – or least preserve and protect its unique journalism and watchdog role in the 21st century. This paper examines four of those proposals:

1. Establishment of an endowment that would provide funds to support the Times news department's annual $200 million budget.

2. Foundational support for some portion of the Times' journalistic endeavor – perhaps its foreign or cultural coverage.

3. Purchase of the Times by an educational institution or university.

4. Sale of the Times to an "angel" investor, who would be willing both to adequately compensate the Sulzberger family members for their century-long stewardship and to assume or retire the debt and other liabilities.

The first three proposals – establishment of an endowment, foundational support and purchase by an educational institution – are nonprofit solutions. The fourth – purchase by an angel investor – could reside in the hybrid world of L3Cs (low-profit limited-liability corporations) or the for-profit arena.

A Financial Primer: Why the Times Is Unique

While the Times suffers from many of the same economic woes afflicting the industry, it has a unique financial profile. For much of the last decade, many Wall Street analysts and industry peers have admired or envied those assets (including its dual revenue streams from advertising and circulation that totaled $1.7 billion in 2008 and dwarfed all competitors), even as they winced at some of its liabilities (heavy fixed costs that weigh down the profit margins).

It is important to understand what makes the Times unique when considering alternative business models – and to consider the implications this has for future success in either the profit or nonprofit arena. (For an overview of the Times' 2008 financial performance, please see Appendix A.)

The Revenue Picture

While the typical newspaper receives between 80-85 % of its revenue from advertising, and the rest from circulation, The New York Times Media Group (composed of the Times, the International Herald Tribune, nytimes.com and iht.com) has in recent years received 55-60% from advertising, 30-35% from circulation, and the remainder from other sources (including licensing and syndication of Times-branded content.)

The New York Times Media Group Revenue

(includes The New York Times, nytimes.com and International Herald Tribune)

(in millions)	*2008*	*2007*	*% Change*
Advertising	***1,076.6***	***1,222.8***	***-12.0***
Circulation	***668.1***	***646.0***	***3.4***
Other	***180.9***	***183.1***	***-1.2***
Total	***1,925.6***	***2,051.9***	***-6.2***

Source: The New York Times Company 10-K for the fiscal year ended December 28, 2008

Both advertising and circulation rates for the print edition of the Times are among the highest – if not the highest – in the print industry. Times executives talk of a "virtuous circle" (or cycle) that has sustained the print version for at least the last two decades. Simply put, it posits that premium content (news and analysis) created by the news department has attracted a premium audience, willing to pay a premium price ($600-$700 for an annual subscription). And this, in turn, has attracted advertisers willing to pay a premium rate to reach this very affluent and very engaged audience. (The noncontract rate for a full-page, full-color ad in the Sunday Times is more than $200,000.) A significant portion of profits from these premium prices has been reinvested in the premium content – which has begun the cycle, or "virtuous circle," anew.

While ad revenues for the average newspaper declined 18% in 2008 vs. 2007, the Times Media Group experienced a less severe 12% drop, in part because only 15% of its advertising dollars are currently derived from classified advertising, the category that has been most decimated by the switch from print to online alternatives.

The Times advertising mix is more similar to that of a national-circulation magazine than a typical newspaper – with 70% of 2008 ad revenues of $1.1 billion coming from national advertisers (such as entertainment, financial and technology companies). While the Times does not disclose how much of its ad revenue is attributable to the Sunday paper, industry analysts calculate that at least half of a typical newspaper's revenues and profits come from this one edition, and the Sunday Times is legendary for its size and heft.

The Times attributes much of the 2008 decline in national print advertising to the severe economic downturn (and not to a secular switch from print to digital alternatives). While the Times has enjoyed, until recently, double-digit growth of online advertising, that advertising is priced at a fraction of the print rates. Therefore, it accounts for only an estimated 10-15% of total Times advertising revenues. Recently, its growth has slowed considerably, and even declined in the fourth quarter of 2008 and first quarter of 2009.

Circulation revenue in 2008 grew more than 3% due to rate increases (an annual daily subscription to the Times print version is now more than four times as expensive as a subscription to the print version of the Wall Street Journal, for example). But circulation continued a steady decade-long decline to 1.5 million on Sunday (down 15% from its peak) and roughly 1 million on weekdays. As the print circulation decline continues, analysts point out that revenue will also eventually decline since the online version of the Times – nytimes.com with 20 million visitors a month – remains free to non-subscribers.

Implications and Questions:

- Is it possible for the Times to manage an eventual profitable migration of much of its national print advertising to online, establishing a digital version of the "virtuous circle", similar to one that nurtured the print edition? Can ad rates be priced on the efficiency of reaching a smaller, premium audience vs. a large audience of "eyeballs"?

- Can nytimes.com begin to charge nonsubscribers for access to its content – implementing either a micropayment system (advocated by Steven Brill in recent articles) or, alternatively, placing some of its proprietary content behind a pay wall? (The Journal, which charges non-subscribers $100 for yearly access to proprietary content on wsj.com, recently reported combined paid online/print circulation of 2 million. Annual circulation revenues for both the print Journal and the online Journal were an estimated $300 million in 2008. This is substantially less than the Times because the cost of the print subscription is so much less – $120 for the print Journal vs. $600-700 for the print version of the Times. But the Journal has been able to offset losses in print circulation revenue with online circulation revenue because most of wsj.com content is behind a pay wall.)

The Cost Side and Profit Picture

While the Times revenue muscle is extraordinary, there is not a corresponding benefit to the bottom line. Analysts have estimated that as much as 90% of the Times operating costs are fixed. As a result, even in "good" years, the Times Company has operating margins considerably below the industry average of 20-30%. In 2007, the operating margin for the Times Company, which included results from the Globe and the regional newspapers, was 11%.

Much attention has been focused on the cost of the Times news operation (which supports both the print and online editions) – publicly reported to be $200 million annually, or roughly 10% of operating revenue of the Times Media Group. But much more of the Times cost structure is associated with supporting a legacy printing and distribution system. Although the Times does not itemize production costs, industry observers estimate that as much as 50% of operating costs support its printing and distribution system.

REVENUES AND COSTS: The New York Times Company

(in millions)	***2008***	*2007*
Revenues		
Total	***2,948.9***	*3,195.1*
Operating Costs		
Total production costs	***1,315.1***	*1,341.1*
Selling, general and administrative costs	***1,332.1***	*1,397.4*
Depreciation and amortization	***144.4***	*189.6*
Total operating costs	***2,791.6***	*2,928.1*

Source: The New York Times Company 10-K for the fiscal year ended December 28, 2008

Labor costs to support production and distribution, as well as the creation of news, are largely determined by union contracts, some of which extend beyond 2011 and, in some cases, specify manning of equipment and lifetime guarantees, as well as pay scale. In recent weeks, the Times has enacted 5%

pay cuts for nonunion employees and asked its unions for similar rollbacks. In its first quarter 2009 earnings release, the Times Company said it expects to save $330 million in operating costs this year. But analysts point out that the ad revenue decline—down 27% for the first quarter -- is outpacing the cost cutting. Dramatic restructuring of costs will still be needed to compete in a digital world.

Implications and Questions:

- Is there any way, short of bankruptcy or sale, for the company to renegotiate and restructure its costs?
- At what point in the future should the Times consider discontinuing printing on certain weekdays – especially if they are unprofitable – and rely solely on digital transmission of its content at nytimes.com on those days?

Debt and Other Liabilities

In addition to being saddled with higher costs than most newspapers, the Times is also carrying heavy debt – $1 billion. The Times debt rating was recently downgraded to "junk" status by Standard & Poor's and Moody's.

Most analysts believe that recent actions – "mortgaging" the new headquarters and refinancing $250 million in debt with Mexican telecommunications entrepreneur Carlos Slim Helu at 14% interest – "bought" the Times two years, when the next major debt payment is due.

But barring an unexpected turn-around in ad revenues, the Times Company may have to sell most of its assets to meet the next set of debt obligations. These assets include the New England papers (including the Globe), the regional papers, radio station WQXR and equity interests in a variety of businesses, including the Boston Red Sox. Estimates on how much these properties would bring to the Times range from $250 million to $450 million – or as much at $1 billion if About.com (valued at between $450 million and $675 million) is included.

"The New York Times as a product is likely to be a survivor. Although they have a very heavy and inflexible cost structure, they have significant reach and a loyal audience that represents an attractive demographic for advertisers," said Mike Simonton, senior director and media analyst with Fitch Ratings. "That said, the New York Times as a company may not be able to survive over the long-term, given its significant debt load."

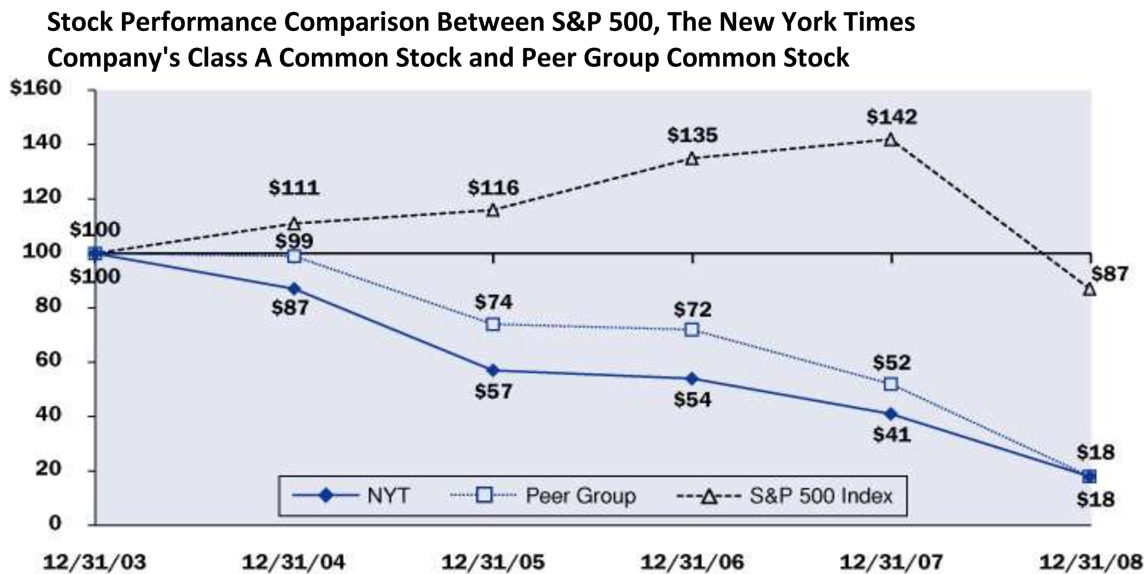
In addition to its debt, the Times must address underfunding of $535 million in pension obligations, caused by the stock market decline.

Implications and Questions:

- Will the Times be able to retire or meet its obligations without the support of an "angel" investor? In the current economy, many investors with cash are extending debt with covenants that dictate a conversion to preferred equity, putting them first in the line of creditors if bankruptcy occurs. Carlos Slim has the option to convert his debt to preferred shares.

Stock History and Current Valuations

In 2002, New York Times stock peaked at more than $52 a share, giving the company a market value of more than $5 billion. In April 2009, the stock has been trading at roughly $5 a share, which translates into a market value of $700 million.



Source: The New York Times Company 10-K for the fiscal year ended December 28, 2008

Recent debt rating services have valued the Times newspaper at between $900 million and $1.2 billion. The $1.2 billion valuation represents a premium of over 70 percent, comparable to the premium paid by News Corp for Dow Jones in 2007.

Implications and Questions:

- Short of liquidity issues that force a bankruptcy (which seems unlikely in the short-term), would the family be willing to sell the Times at any price?
- If the family was willing to consider selling, would it need to be compensated at a higher rate than the other owners of the common shares? If the Times were sold at $1.2 billion (the high end of the current valuation), the family, which owns 19% of the shares, would realize roughly $240 million, which at a 5% annual payout to members of the trust would yield only $12 million. (Until the dividends were suspended in December, the family trust annually received roughly $25 million, distributed to the 40 or so cousins. This suggests that the family would need to realize at least double the $240 million valuation of their shares.)

- Assuming the current debt holders would allow it, would an angel investor also assume responsibility for the outstanding liabilities and obligations ($1 billion in debt and $535 million in pension underfunding)? If so, this would bring the sales price closer to $3 billion (depending on whether the family received a "premium" for its shares)?

Macroeconomic Issues

The newspaper industry, in general, and the Times, very specifically, are caught in the middle of an economic paradox commonly referred to as "creative destruction." The internet and all that it has wrought has wreaked havoc on the revenue models of traditional media companies (starting with classified ads, but now threatening the national advertising model, too) and rendered the cost structure antiquated and obsolete.

Companies in the midst of such large-scale economic turmoil have traditionally had three options, according to Richard Foster, Yale School of Management senior faculty fellow and co-author of *Creative Destruction: Why Companies That Are Built to Last Underperform the Market:*

"They can attempt to keep growing, changing the profitable bits and shedding the unprofitable operations. But if a company waits too long to begin this, all they can do is the reverse – i.e. sell the profitable bits. They can sell to either a private equity firm, or to another similar company, such as Polaroid could have done with Kodak. Or they can declare bankruptcy and shut down, a difficult row to hoe, not to mention, humiliating."

Implications and Questions:

- How is the Times best positioned to withstand the gales of destruction, transforming and adapting its current business model for the digital age – as a nonprofit or for-profit institution?

Exploring Four Potential Options for The Times

The options represented here seek to address one or more of the financial issues discussed in the previous section. Two of them – setting up an endowment or seeking foundational support – focus solely on ways to protect or insulate the Times news department from economic turmoil.

The other two options – purchase by an educational institution or by an "angel" investor – take a broader look at ways to shore up the finances of the entire institution, either by taking advantage of the tax breaks for nonprofits, or by restructuring the revenue models and legacy production costs to bring delivery of the Times fully into the digital age − most likely a for-profit solution. (These four alternatives do not consider the legal implications, only the financial ones.)

Alternative 1: Establishment of an endowment that would provide funds to support the news department's annual $200 million budget.

"Aside from providing stability, an endowment would promote journalistic independence. The best-run news organizations insulate reporters from pressures to produce profits or to placate advertisers. But endowed news organizations would be in an ideal situation – with no pressure from stockholders or advertisers at all."

"News You Can Endow," David Swensen and Michael Schmidt
--The New York Times, Jan. 28, 2009

In a Times Op Ed piece, the chief investment officer at Yale admonished "enlightened philanthropists" to "act now or watch a vital component of American democracy fade into irrelevance." He calculated the price tag for endowing the Times news-gathering operations, with annual costs of $200 million, at $5, assuming a 5 % annual payout from the endowment.

In addition to providing stability and journalistic independence, endowments, the authors argued, would allow newspapers, which serve a public good, to benefit from tax breaks for nonprofit organizations.

The article acknowledged at least one constraint – the need to refrain from endorsing candidates for public office, which could be a major stumbling block since newspapers owners have historically viewed the editorial page as a vehicle for influencing political discourse and been willing to pay a premium for that podium. Numerous articles and blog posts have articulated several other drawbacks, including concerns about a lack of accountability with nonprofit boards of directors.

But the strongest arguments against the endowment option take issue with the economics of the proposal. Even heavily endowed universities have suffered significant declines in their investment portfolios this past year. The Yale University endowment, for example, dropped 25% between June and December 2008. Such significant declines decrease the available annual payout. This means that while endowments might insulate reporters from pressure from stockholders or advertisers, they would not be protected from macroeconomic pressures and downturns.

And then there is the matter of who exactly would fund an endowment of $5 billion? On the most recent Forbes list of the world's wealthiest individuals, only six have a net worth of more than $20 billion. The top two wealthiest – Bill Gates and Warren Buffet – have already committed the majority of their fortunes to another cause. The third wealthiest is Carlos Slim Helu, worth $22.5 billion. He has already invested $127 million in the Times, buying 6% of the shares in September 2008 at $15 a share. He also recently extended the $250 million loan. New York Mayor Michael Bloomberg, number 17 on the Forbes list at $16 billion net worth, is also frequently cited as a potential "angel" investor.

But why would these investors establish an endowment of $5 billion that would support in perpetuity the salaries and related benefits of the news operation *if* there was the opportunity to buy *all* the assets of the Times for less (based on current valuations) and restructure the costs and debt load for the 21st century?

Alternative 2: Foundational support for some portion of the Times journalistic endeavor – perhaps its foreign or cultural coverage.

The annual $200 million news budget for the Times supports a veritable high-end supermarket of both the print and online news franchises – ranging from investigative reporting to fashion and book reviews. Given the high price tag of endowing the entire Times news operation, would it be possible to provide nonprofit support to one or more of its valuable "watchdog" news franchises – such as international reporting or national politics – or one of its unique consumer news franchises – such as cultural or science coverage?

While the Times does not break out the costs for individual news desks or sections, some industry observers have estimated that the most expensive Times news operation, probably the foreign desk, consumes a third of the annual budget, or $60-70 million annually. This would require an endowment from an "enlightened philanthropist" of slightly more than $1 billion – or annual bequests from a variety of large and small contributors that would total more than $60 million.

There are a number of nonprofit foundational news-gathering organizations in existence – ranging from MinnPost to NPR. Some depend solely on annual grants, some on a combination of grants and contributions, and some on a combination of endowments, grants and contributions.

The Council on Foreign Relations is an example of a nonprofit that receives roughly $68 million in revenue and support annually and might serve as a proxy for how a foundation that supports the Times foreign operation might generate annual financial support.

The financial support for operations at the Council comes from a variety of sources: memberships and annual giving ($17 million), grants and fellowships ($29 million), Foreign Affairs, book sales, meetings and rentals ($13 million) and funds derived from investments of a $250 million endowment ($9 million). (For a complete breakdown of The Council on Foreign Relations' 2008 revenues, see Appendix C.)

This alternative – creating a nonprofit foundation to support a specific journalistic endeavor – comes with a much lower price tag and initial cash outlay than the pure endowment alternative, and it opens up the possibility of pursuing funding from a variety of sources.

However, accountability is a significant concern. Who determines, for example, what is a foreign desk expense vs. a national desk expense? Are the salary and expenses of the reporter who covers the State Department assigned to the foreign desk or the Washington bureau?

The Council on Foreign Relations model also has other economic and management drawbacks. As Joel Kramer of MinnPost points out, most grants from philanthropic organizations are time-specific (i.e. they do not continue in perpetuity), which means the nonprofit foundation head has to continually seek new funding sources to replace the grants that are expiring. And the size of grants – as well as of charitable contributions and individual memberships – can fluctuate significantly, depending on the economy.

Alternative 3: Purchase of the Times by an educational institution or university.

The St. Petersburg Times/Poynter Institute is the best known pairing of a newspaper with a nonprofit educational institution.

But this alternative contemplates a different scenario. Instead of creating a university-sized endowment to support the news operations, suppose a university – or a consortium of universities – used money from their endowments to purchase the Times and incorporate it as a nonprofit company. It could be similar in structure to the Harvard Business School Publishing Company, whose publishing enterprises include the Harvard Business Review, Harvard Case Studies and Harvard Business School Press. All proceeds from HBSP are returned to Harvard Business School, which typically uses the funds to pay operating expenses.

Under this scenario, the New York Times could remain an independent, professionally run corporation with competitive compensation for employees. (HBSP, for example, has a CEO, as well as publishers and editors for the various publications.) It would also be free to continue to charge for subscriptions and advertising.

Another university-sponsored alternative could be the model used by WARF, short for the Wisconsin Alumni Research Foundation. WARF holds patents on all University of Wisconsin research, and returns the money from those patents to the university as annual unrestricted grants. In addition, it raises money from alumni for university's research. Could there be a similar nonprofit organization composed of both of civic-minded individuals and philanthropic organizations collectively supporting the Times and its "research" mission?

If a university were to consider either of these two options, it would have to determine that the Times (without such financial obligations as taxes, debt and cash dividends to shareholders) could provide an acceptable ROI (return on investment) – in other words, annual earnings that could be reinvested in the supporting educational institution.

EBITDA (earnings before interest, taxes, depreciation and amortization) and net cash from continuing operations (which reflects income before dividends) give some indication of past performance, and potential future income. In 2008, even with a significant decline in print advertising revenue across all divisions, EBITDA for the Times Company was $300 million, and cash from continuing operations was $248 million. Assuming the Times newspaper shoulders a disproportionate share of the costs for the company, it would appear that EBITDA or cash from continuing operations for the newspaper alone was in the $100 million to $150 million range.

However, analysts are estimating that EBITDA will decline again in 2009 and possibly beyond, barring a significant turn-around in ad revenue or a restructuring of costs. If a university determined that the Times would not be an immediate cash drain, it would still have to devote considerable management bandwidth to transforming the Times business model, on both the revenue and cost side, in order to get the ROI more in line with other alternative investments it might pursue. Even in the best of economic times, managing and operating one of the nation's largest daily newspapers is infinitely more complicated than overseeing a periodical and book company (Harvard Business School Publishing) with a fraction of the Times' revenues.

Alternative 4: Sale of the Times to an "angel" investor, who would be willing both to adequately compensate the Sulzberger family members for their century-long stewardship and to assume or retire the debt and other liabilities.

Given the management and administrative concerns that a university or institutional purchaser might encounter, would a single investor fare any better?

One of the main advantages of a sale to either an institution or an individual is that it might well precipitate a renegotiation with the unions and result in a restructuring of the Times' costs to make it more competitive and better able to survive and thrive in the digital age. Certainly an individual investor would have a better chance of maintaining the laser-like focus needed to implement transformational change.

A number of bloggers and journalists have suggested that the "perfect" angel is Michael Bloomberg. They point to his success at Bloomberg LP (which electronically delivers business news across multiple media from radio to online) and his public service track record as mayor of New York (as indication of his appreciation for the work of nonprofit institutions). Bloomberg has not commented on the possibility – unlike Eric Schmidt, who immediately and summarily dismissed similar suggestions that Google purchase the Times.

But what would be the advantage to Bloomberg of incorporating the Times as a nonprofit or an L3C (low-profit limited-liability company), if he could realign the cost structure – or align it with Bloomberg LP operations – so that The Times could compete and profit in the conversion from print to digital delivery of news?

The other potential "angel" is Carlos Slim Helu, who has the option of converting his recent $250 million loan to the Times into preferred shares, giving him ownership of 18% of Times' common shares (roughly equivalent in number, but not voting power, to the Sulzberger family's). He lost two-thirds of his original investment in the shares he purchased September 2008. His preferred shares would give him the option, if the company were forced into bankruptcy, of weighing in on alternatives. Presumably he would prefer alternatives that maximize his investment – most likely a for-profit solution.

For Profit or Nonprofit?

"*Jonathan Knee, director of the media programme at Columbia Business School, likens newspapers' 'antiquated' cost structures to those in the airline industry. Labour unions, the inefficient use of printing plants and distribution networks and journalists' frequent reluctance to ask whether what they want to cover serves the interests of readers have all kept costs high, he argues."*

"When Newspapers Fold," Andrew Edgecliffe-Johnson, *Financial Times, March 16, 2009*

So would the perfect "angel" be an investor with an old-fashioned, for-profit eye on the bottom line and a commercial vision for how to catapult newspaper management into the 21st century?

Richard Foster of Yale argues that, historically, companies in the throes of creative destruction have been much more likely to achieve transformational change if they stay in the for-profit arena. For-profit investors are much more likely to have "the nerves of a gambler" (cited in *The Trust* as a desirable Times leadership trait) and a gambler's heightened sense of risk and return.

There have been numerous suggestions – in both the print and digital world – for "saving" the Times as a commercially viable enterprise. Ironically, one of the more radical comes, from the glossy pages of the 152-year-old Atlantic magazine, which cut its monthly publication to 10 times annually in 2003.

"Most likely, the interim step for The Times and other newspapers will be to move to digital-only distribution (perhaps preserving the more profitable Sunday editions). Already, most readers of The Times are consuming it online."

"End Times," Michael Hirschorn, *the Atlantic, January/February 2009*

Fortune reporter Richard Siklos recently admitted on cnnmoney.com to cheering for anyone offering a solution for "saving" newspapers, including a Maryland Senator who introduced a proposal to give newspapers nonprofit status. But after reviewing the obstacles inherent with the Senator's proposal and other nonprofit suggestions, he concluded:

"How odd it would be if some papers opted for not-profit status, only to discover that others that did not, stuck it out and eventually thrived as for-profit businesses. On paper—pardon the expression – endowed investigative news organizations like ProPublica and a similar endeavor just announced by The Huffington Post actually make more practical sense for now than endowed newspapers."

Non-profit newspapers? Not very likely, Richard Siklos, *cnnmoney.com, March 30, 2009*

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Appendix A

The New York Times Company 10-K, fiscal year ended December 28, 2008

CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands)	December 28, 2008
Revenues	
Advertising	**$1,779,699**
Circulation	**910,154**
Other	**259,003**
Total	**2,948,856**
Operating Costs	
Production costs	
Raw materials	**250,843**
Wages and benefits	**622,692**
Other	**441,585**
Total production costs	**1,315,120**
Selling, general and administrative costs	**1,332,084**
Depreciation and amortization	**144,409**
Total operating costs	**2,791,613**
Impairment of assets	**197,879**
Net loss on sale of assets	**-**
Gain on sale of WQEW-AM	**-**
Operating Profit/(Loss)	**(40,636)**
Net income/(loss) from joint ventures	**17,062**
Interest Expense/Net	**47,790**
(Loss)/income from continuing operations before income taxes and minority interest	**(71,364)**
Income tax (benefit)/expense	**(5,726)**
Minority interest in net (income)/loss of subsidiaries	**(501)**
(Loss)/income from continuing operations	**(66,139)**
Discontinued Operations, Broadcast Media Group:	
Income from discontinued operations, net of income taxes	**-**
Discontinued operations, net of income taxes	**8,300**
Net (loss)/income	**(57,839)**

Appendix A (cont.)
The New York Times Company 10-K, fiscal year ended December 28, 2008

CONSOLIDATED BALANCE SHEETS (In thousands)	December 28, 2008
Assets	
Current Assets	
Cash and cash equivalents	**$56,784**
Accounts receivable (net of allowances: 2008 - $33,838; 2007 - $38,405	**403,830**
Inventories	**24,830**
Deferred income taxes	**51,732**
Other current assets	**87,024**
Total current assets	**624,200**
Investments in Joint Ventures	**112,596**
Property, Plant and Equipment	
Land	**131,547**
Buildings, building equipment and improvements	**901,698**
Equipment	**1,158,218**
Construction and equipment installations in progress	**100,586**
Total - at cost	**2,292,049**
Less: accumulated depreciation and amortization	**(938,430)**
Property, plant and equipment - net	**1,353,619**
Intangible Assets Acquired	
Goodwill	**661,201**
Other intangible assets acquired (less accumulated amortization of $53,260 in 2008 and $232,771 in 2007)	**51,407**
Total intangible assets acquired	**712,608**
Deferred Income Taxes	**377,237**
Miscellaneous Assets	**221,420**
Total Assets	**$3,401,680**
Liabilities and Stockholders' Equity	
Current Liabilities	
Commercial paper outstanding	**$ -**
Borrowings under revolving credit agreements	**380,000**
Accounts payable	**174,858**
Accrued payroll and other related liabilities	**104,183**
Accrued expenses	**194,703**
Unexpired subscriptions	**80,523**
Current portion of long-term debt and capital lease obligations	**98,969**
Total current liabilities	**1,033,236**

Other Liabilities

Long-term debt	**573,760**
Capital lease obligations	**6,646**
Pension benefits obligation	**855,667**
Postretirement benefits obligation	**149,727**
Other	**275,615**
Total other liabilities	**1,861,415**
Minority Interest	**3,066**

Appendix A (cont.)
The New York Times Company 10-K, fiscal year ended December 28, 2008

CONSOLIDATED STATEMENTS OF CASH FLOWS (In thousands)	December 28, 2008
Cash Flows from Operating Activities	
Net (loss)/income	**(57,839)**
Adjustment to reconcile net (loss)/income to net cash provided by operating activities:	
Impairment of assets	**197,879**
Depreciation	**127,656**
Amortization	**16,753**
Stock-based compensation	**15,431**
Excess distributed earnings/(undistributed earnings) of affiliates	**957**
Minority interest in net income/(loss) of subsidiaries	**501**
Deferred income taxes	**(18,958)**
Long-term retirement benefit obligations	**(2,981)**
Gain on sale of Broadcast Media Group	**-**
Loss on sale of assets	**-**
Gain on sale of WQEW-AM	**-**
Excess tax benefits from stock-based awards	**-**
Other-net	**(17,196)**
Changes in operating assets and liabilities, net of acquisitions/dispositions	
Accounts receivable - net	**42,093**
Inventories	**2,065**
Other current assets	**2,752**
Accounts payable	**10,779**
Accrued payroll and accrued expenses	**(48,571)**
Accrued income taxes	**(23,170)**
Unexpired subscriptions	**(587)**
Net cash provided by operating activities	**247,564**
Cash Flows from Investing Activities	
Proceeds from the sale of the Broadcast Media Group	**-**
Proceeds from the sale of WQEW-AM	**-**
Proceeds from the sale of Edison, N.J., assets	**-**
Capital expenditures	**(166,990)**
Payment for purchase of Edison, N.J., facility	**-**
Acquisitions, net of cash acquired of $2,353 in 2008 and $1,190 in 2007	**(5,737)**
Investments sold	**-**
Other investing payments	**(2,784)**
Net cash (used in)/provided by investing activities	**(175,511)**

Cash Flows from Financing Activities

Commercial paper borrowings - net	**(111,741)**
Borrowings under revolving credit agreements - net	**185,000**
Construction loan	**-**
Long-term obligations:	
Reduction	**(49,561)**
Capital shares:	
Issuance	**-**
Repurchases	**(231)**
Dividends paid to stockholders	**(108,541)**
Excess tax benefits from stock-based awards	**-**
Other financing proceeds - net	**17,715**
Net cash used in financing activities	**(67,359)**
Net increase/(decrease) in cash and cash equivalents	**4,694**
Effect of exchange rate changes on cash and cash equivalents	**558**
Cash and cash equivalents at the beginning of the year	**51,532**
Cash and cash equivalents at the end of the year	**56,784**

Appendix B

World's Richest Billionaires (Forbes 03/11/09)

Rank	Name	Citizenship	Age	Net Worth ($bil)	Residence
1	William Gates III	United States	53	40.0	United States
2	Warren Buffett	United States	78	37.0	United States
3	Carlos Slim Helu & family	Mexico	69	35.0	Mexico
4	Lawrence Ellison	United States	64	22.5	United States
5	Ingvar Kamprad & family	Sweden	83	22.0	Switzerland
6	Karl Albrecht	Germany	89	21.5	Germany
7	Mukesh Ambani	India	51	19.5	India
8	Lakshmi Mittal	India	58	19.3	United Kingdom
9	Theo Albrecht	Germany	87	18.8	Germany
10	Amancio Ortega	Spain	73	18.3	Spain
11	Jim Walton	United States	61	17.8	United States
12	Alice Walton	United States	59	17.6	United States
12	Christy Walton & family	United States	54	17.6	United States
12	S. Robson Walton	United States	65	17.6	United States
15	Bernard Arnault	France	60	16.5	France
16	Li Ka-shing	Hong Kong	80	16.2	Hong Kong
17	Michael Bloomberg	United States	67	16.0	United States
18	Stefan Persson	Sweden	61	14.5	Sweden
19	Charles Koch	United States	73	14.0	United States
19	David Koch	United States	68	14.0	United States
21	Liliane Bettencourt	France	86	13.4	France
22	Prince Alwaleed Bin Talal Alsaud	Saudi Arabia	54	13.3	Saudi Arabia
23	Michael Otto & family	Germany	65	13.2	Germany
24	David Thomson & family	Canada	51	13.0	Canada
25	Michael Dell	United States	44	12.3	United States
26	Donald Bren	United States	76	12.0	United States
26	Sergey Brin	United States	35	12.0	United States
26	Larry Page	United States	36	12.0	United States
29	Steven Ballmer	United States	53	11.0	United States
29	Gerald Cavendish Grosvenor & family	United Kingdom	57	11.0	United Kingdom
29	George Soros	United States	78	11.0	United States
32	Paul Allen	United States	56	10.5	United States
32	Kwok family	Hong Kong	NA	10.5	Hong Kong
34	Anil Ambani	India	49	10.1	India
35	Abigail Johnson	United States	47	10.0	United States
35	Susanne Klatten	Germany	46	10.0	Germany
35	Ronald Perelman	United States	66	10.0	United States
35	Hans Rausing	Sweden	83	10.0	United Kingdom

Source: http://www.forbes.com/lists/2009/10/billionaires-2009-richest-people_The-Worlds-Billionaires_Rank.html (accessed April 15, 2009)

Appendix C

The Council on Foreign Relations Annual Report for the fiscal year ended June 30, 2008

	2008 Total
Operating revenue and support	
Membership dues	**$4,827,400**
Annual giving	**5,701,100**
Corporate membership and related income	**6,892,100**
Meetings	**1,196,800**
DC meetings	**674,300**
International Affairs Fellowship	**236,600**
Grants and contributions for Studies	**17,750,900**
Other grants and contributions	**10,581,900**
Foreign Affairs publications	**7,924,800**
Book publications	**53,600**
Investment return used for current operation	**9,405,500**
Rental income	**1,771,500**
Miscellaneous	**891,700**
Total operating revenue and support	**67,908,200**
Net assets released from restrictions	**-**
Total operating revenue and support	**67,908,200**