THINKORSWIM GROUP INC.
Form 8-K
January 12, 2009

QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): **January 8, 2009**

thinkorswim Group Inc.

(Exact Name of registrant as specified in its charter)

Delaware	**000-52012**	**76-0685039**
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

45 Rockefeller Plaza, Suite 2012, New York, NY	**10111**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(801) 816-6918**

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

ý Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

On January 8, 2009, thinkorswim Group Inc. (the "*Company*") entered into an Agreement and Plan of Merger (the "*Merger Agreement*") with TD AMERITRADE Holdings Corporation, ("*TD AMERITRADE*"), Tango Acquisition Corporation One, a wholly-owned subsidiary of TD AMERITRADE ("*Merger Sub One*") and Tango Acquisition Corporation Two, a wholly-owned subsidiary of TD AMERITRADE ("*Merger Sub Two*"). The Merger Agreement provides for, among other things, the merger of the Company with and into Merger Sub One with the Company as the surviving corporation (the "*First Step Merger*") and, as soon as practicable, following the First Step Merger, the merger of the Company with and into Merger Sub Two with Merger Sub Two as the surviving corporation (the "*Second Step Merger*" and together with the First Step Merger, the "*Merger*").

Subject to the terms and conditions of the Merger Agreement, which has been approved by the Boards of Directors of the Company and TD AMERITRADE, if the First Step Merger is completed, each outstanding share of common stock of the Company will be converted into the right to receive (i) $3.34 in cash and (ii) 0.3980 of a share of TD AMERITRADE common stock (together the "*Merger Consideration*"). The receipt of TD AMERITRADE shares of common stock by Company stockholders is expected to be tax free for U.S. federal income tax purposes. Upon consummation of the First Step Merger, TD AMERITRADE will own 100% of the equity of the Company.

The Merger Agreement also provides that the Company's outstanding equity awards of options and restricted stock will be assumed by TD AMERITRADE upon closing of the First Step Merger with adjustments to avoid enlargement or dilution of existing rights. Each share of restricted stock of the Company will convert into a number of shares of restricted TD AMERITRADE stock equal to the quotient (the "*Adjustment Ratio*") obtained by dividing the market value of the Merger Consideration per share by the market value per share of TD AMERITRADE common stock, in each case measured shortly before the completion of the First Step Merger. Each option to acquire common stock of the Company will convert into an option to acquire a number of shares of TD AMERITRADE common stock, equal to the number of shares subject to the existing option multiplied by the Adjustment Ratio, with an exercise price obtained by dividing the existing exercise price by the Adjustment Ratio.

In addition, the Merger Agreement contemplates a possible exchange offer to be made to holders of underwater options to acquire common stock of the Company. The consideration to be offered in this exchange offer will be agreed upon by the Company and TD AMERITRADE. The success of this exchange offer for these underwater options and the receipt of any stockholder approvals necessary for this exchange offer to occur are not conditions to completion of the Merger. Underwater options that are not tendered into the exchange offer will be converted into options to acquire TD AMERITRADE common stock as described above.

The affirmative vote of the holders of a majority of the outstanding shares of the Company's common stock at a meeting is required to approve the Merger and will be necessary for the Merger to close. An approval at the stockholders meeting of the Company may also be required for the option exchange. Neither stockholder approval of the option exchange nor the successful completion of the option exchange is necessary for the Merger to close. No vote of the holders of TD AMERITRADE common stock is needed to approve the Merger.

The Company has made customary representations, warranties and covenants in the Merger Agreement, including, among others, covenants to conduct its business in the ordinary course during the interim period between the execution of the Merger Agreement and the consummation of the Merger.

The Merger Agreement contains certain customary termination rights for both the Company and TD AMERITRADE, including the right of the Company to terminate the Merger Agreement to accept a Superior Proposal (as defined in the Merger Agreement) on and subject to the terms and conditions set forth in the Merger Agreement.

A one-time termination fee of $20 million is payable by the Company (i) upon termination by TD AMERITRADE following the withdrawal or adverse modification of, or in certain circumstances the failure to affirm, the Company's recommendation of the Merger to its stockholders or the material breach by the Company of its undertakings not to solicit alternative proposals and to hold its stockholders' meeting; (ii) upon termination by the Company to enter into a definitive agreement for a Superior Proposal (as defined in the Merger Agreement); or (iii) at the closing of an alternative transaction for a third party to takeover the Company, if: (A) the Merger Agreement is terminated by (x) either party following either the rejection of the Merger Agreement at the Company stockholders' meeting or the Termination Date (as defined in the Merger Agreement) or (y) TD AMERITRADE as a result of a material breach by the Company; and (B) a competing takeover proposal had been made after the signing of the Merger Agreement and before termination; and (C) an alternative transaction closes or is signed up within one year after the termination.

Prior to the approval of the Merger Agreement at a stockholders meeting of the Company, the Merger Agreement will not prohibit the Company's Board of Directors, after giving notice of the material terms of a competing proposal to TD AMERITRADE, from furnishing information to, or entering into discussions or negotiations with, any person or entity that makes an unsolicited bona fide written takeover proposal if the Company has complied in all material respects with its undertakings not to solicit alternative proposals in connection with such competing proposal, the Company has entered into a confidentiality and standstill agreement no less favorable to the Company than the confidentiality and standstill agreement entered into by TD Ameritrade with the Company, and the Board of Directors of the Company concludes that such competing proposal is reasonably likely to lead to a Superior Proposal and the failure to furnish information or enter into discussion or negotiations would be reasonably expected to constitute a breach of its fiduciary duties.

The foregoing description of the Merger and the Merger Agreement does not purport to be complete and is qualified in its entirety by reference to the complete text of the Merger Agreement, which is filed as Exhibit 2.1 to this report and incorporated herein by reference. The Merger Agreement has been attached to provide investors with information regarding its terms. It is not intended to provide any other factual information about the Company, TD Ameritrade, Merger Sub One or Merger Sub Two. In particular, the assertions embodied in the representations and warranties contained in the Merger Agreement are qualified by information in confidential disclosure schedules provided by the Company to TD Ameritrade and by TD Ameritrade to the Company in connection with the signing of the Merger Agreement. These disclosure schedules contain information that modifies, qualifies and creates exceptions to the representations and warranties set forth in the Merger Agreement. Moreover, certain representations and warranties in the Merger Agreement were used for the purpose of allocating risk between TD Ameritrade, on the one hand, and the Company, on the other hand, rather than establishing matters as facts. Accordingly, the representations and warranties in the Merger Agreement should not be viewed as characterizations of the actual state of facts about the Company, TD Ameritrade, Merger Sub One or Merger Sub Two.

Voting Agreement

In connection with the execution of the Merger Agreement, on January 8, 2009, TD AMERITRADE and certain of the Company's executive officers and directors, consisting of Lee K. Barba, Tom Sosnoff (as an individual and as Trustee of the Tom Sheridan Living Trust u/a/d 12/7/06) and Scott Sheridan each entered into a Voting Agreement (together the "*Voting Agreements*"). Pursuant to Voting Agreements, such officers and directors have each agreed to vote his shares of common stock of the Company in support of the adoption of the Merger Agreement, has granted a proxy to TD

AMERITRADE to vote his shares in such manner and has agreed to take specified other actions in support of the transaction.

The foregoing references to and descriptions of the Voting Agreements to do not purpose to be complete and are qualified in their entirety by reference to the full text of the Voting Agreements, which are incorporated by reference herein, a copy of which is filed as an exhibit to each of the amended Beneficial Ownership Statements on Schedule 13D/A filed, respectively, by Lee Barba on January 8, 2009, Scott Sheridan on January 9, 2009 and Tom Sosnoff on January 9, 2009.

Forward-Looking Statements

Information set forth in this Form 8-K contains forward-looking statements, which involve a number of risks and uncertainties. The Company and TD AMERITRADE caution readers that any forward-looking information is not a guarantee of future performance and that actual results could differ materially from those contained in the forward-looking information. All such forward-looking statements include, but are not limited to, statements about the benefits of the business combination transaction involving the Company and TD AMERITRADE, including future financial and operating results, the new company's plans, objectives, expectations and intentions and other statements that are not historical facts.

The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: the ability to obtain regulatory approvals of the transaction on the proposed terms and schedule; the failure of the Company stockholders to approve the transaction; the risk that the businesses will not be integrated successfully; the risk that the cost savings and any other synergies from the transaction may not be fully realized or may take longer to realize than expected; disruption from the transaction making it more difficult to maintain relationships with customers, employees or suppliers; competition and its effect on pricing, spending, third-party relationships and revenues. Additional factors that may affect future results are contained in the Company's and TD AMERITRADE's filings with the Securities and Exchange Commission (the "*SEC*"), which are available at the SEC's web site http://www.sec.gov. The Company and TD AMERITRADE disclaim any obligation to update and revise statements contained in these materials based on new information or otherwise.

Additional Information and Where to Find It

In connection with the proposed merger, TD AMERITRADE will file with the SEC a Registration Statement on Form S-4 that will include a proxy statement of the Company that also constitutes a prospectus of TD AMERITRADE. The Company will mail the proxy statement/prospectus to its stockholders. TD AMERITRADE and the Company urge investors and security holders to read the proxy statement/prospectus regarding the proposed merger when it becomes available because it will contain important information. You may obtain a free copy of the proxy statement/prospectus (when available) and other related documents filed by the Company and TD AMERITRADE with the SEC at the SEC's website at www.sec.gov. The proxy statement/prospectus (when it is available) and the other documents may also be obtained for free by accessing the Company's website at www.thinkorswim.com by clicking on the link for "Investor Relations", then clicking on the link for "Financial Reports" and then clicking on the link for "SEC Filings" or by accessing TD AMERITRADE's website at www.amtd.com and clicking on the "Investors" link and then clicking on the link for "SEC Filings".

Participants in this Transaction

The Company, TD AMERITRADE and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from the Company stockholders in favor of the merger. Information regarding the persons who may, under the rules of the

SEC, be considered participants in the solicitation of the Company's stockholders in connection with the proposed merger will be set forth in the proxy statement/prospectus when it is filed with the SEC. You can find information about the Company's executive officers and directors in the Company's definitive proxy statement filed with the SEC on April 29, 2008. You can find information about TD AMERITRADE's executive officers and directors in their definitive proxy statement filed with the SEC on January 6, 2009. You can obtain free copies of these documents from the Company or TD AMERITRADE using the contact information above.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit Number	Exhibit Title
2.1	Agreement and Plan of Merger by and among TD AMERITRADE Holding Corporation, Tango Acquisition Corporation One, Tango Acquisition Corporation Two and thinkorswim Group Inc. dated January 8, 2009.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: January 12, 2009	thinkorswim Group Inc.
	By: /s/ IDA K. KANE
	Ida K. Kane *Senior Vice President and* *Chief Financial Officer*

EXHIBIT INDEX

Exhibit Number	Exhibit Title
2.1	Agreement and Plan of Merger by and among TD AMERITRADE Holding Corporation, Tango Acquisition Corporation One, Tango Acquisition Corporation Two and thinkorswim Group Inc. dated January 8, 2009.

QuickLinks

8.0pt .75in;text-autospace:none;text-indent:-.25in;">• It is also No. 1 in audience engagement in the number of pages read by users and the amount of time they spend with us outpacing other newspaper Web sites across the nation and around the world.

• NYTimes.com s reach in the U.S. is 30% greater than our nearest competitor, up from 14% just two years ago,

• And when we combine NYTimes.com with Boston.com, About.com, IHT.com and our regional Web sites, our Company ranges between the 9th and 13th largest Web presence on the Internet. That is against all companies from Google and Yahoo! to Amazon and CNET.

These statistics demonstrate that The New York Times Company is an industry leader and innovator in this move to a digital future.

We are well aware of the tremendous dislocations and challenges the digital world has created for us and for all in our industry, most obviously in our financial performance. Even as we see strong digital revenue growth, we continue to see declines in our print revenue. To address this, we have been dramatically reducing our cost structure, efforts that will be ongoing.

All of these industry-wide changes are reflected in a stock price that makes none of us happy not me, not our shareholders, not our board, not our management, not our employees and not the Ochs/Sulzberger family, which holds approximately 20% of our Company s equity.

As we work to increase revenue and reduce expenses, we do so knowing that we must continue to protect the brands that are the foundation of our future and represent the intrinsic value of our Company.

Our mission of delivering the highest quality news and information is more important and in greater demand than ever especially at this tumultuous moment in history. The journalism that The New York Times, The Boston Globe, the International Herald Tribune and our other newspapers produce is critical to their communities, to our nation and to the world. Preserving their journalistic integrity is a fundamental responsibility.

Last week the winners of The Pulitzer Prize were announced.

We are very proud of our two winners Andrea Elliott of The Times and Charlie Savage of The Globe. Both show that, as Nat Hentoff wrote in The Washington Times about Charlie s work: a lone journalist can rise above the quicksand of the 24-hour news cycle and make a significant difference.

One finalist that didn t win was The Times s series on diabetes. What difference did it make? Let me just list a few items:

• One reader of the diabetes series donated $6 million to reopen a clinic;

• The New York State Health Foundation dedicated tens of millions of dollars to diabetes work;

• New York Governor Eliot Spitzer has promised to overhaul the way the state handles chronic diseases;

• The National Conference of State Legislatures said the series inspired it to begin monitoring diabetes in all 50 states;

- And the U.N. passed a resolution recognizing diabetes as a global threat, the first time a non-infectious disease has triggered such an action.

These actions are making our world a better place. And they are a testament to the importance and value of our journalism. Furthermore, we believe that the pursuit of quality journalism is also good business.

The value of the intellectual property we have amassed over the past 156 years and continue to create every day is immeasurable. Finding the best and most lucrative channel for its distribution is currently our biggest challenge and greatest opportunity.

Great organizations are, by their nature, rooted in a long-term vision of their future. Certainly we are. We know from more than a century and a half of experience that we are fully capable of making transitions into new eras and, in doing so, identifying exciting new opportunities.

Our embrace of change attests to the willingness of management and this Board to confront our challenges and welcome constructive input from inside and outside the organization. This frank and open approach to our strategic direction is necessary as we introduce new products, re-engineer our operations and management processes, both acquire and sell businesses and re-evaluate investments based on their strategic fit and return to shareholders.

Our stock performance has led to a number of issues being raised by unhappy investors. We have responded to their criticisms in the past, but let me address them again now.

We can begin with the suggestion that the Company should give up its two classes of stock.

The dual class stock structure is hardly unique to The New York Times Company. It is not an accident that what are generally agreed to be the three best newspapers in the United States The Times, The Wall Street Journal and The Washington Post all have this capital structure in common.

It also exists outside the newspaper industry. More than 300 companies today trade using a dual class structure. Indeed, there are a number of companies going public today using this structure from Clearwire, which is controlled by Craig McCaw, to Google.

The dual class structure was adopted to protect the long-term stability and mission of the enterprise, while also enabling it to adapt to the kinds of changes we confront today. This stability has resulted in a very strong stock price in the past. As you will hear today, we are taking measures to ensure it will do so again.

Within the dual class structure we have established a strong, modern governance system with a Board of Directors, all of whose members consider themselves accountable to all of our shareholders.

One critical decision not open to all our shareholders is the ultimate determination of our Company s capital structure. Only the trustees of the Ochs/Sulzberger family have the ability to change that and we are unanimous in our commitment to retain it.

I also remind all of our shareholders that anyone who purchased New York Times Company stock did so with full knowledge and understanding of how the Company was structured. We are grateful to all of our shareholders who did so believing, as we do, that this structure is necessary for the stability and integrity of a journalistic enterprise.

Some investors have argued that we should be engaged in a robust portfolio review. I assure you, we are always reviewing our properties to see if they are achieving the desired results and whether they fit into our long-term strategic efforts.

An important case in point is our anticipated divestiture of our Broadcast Media Group at an exceptional price. We are saying goodbye to many friends and a group of excellent stations. We took this move because, in our judgment, our broadcast holdings were no longer an integral element in our strategy, as we keep as our focus on the print and digital worlds.

Similarly, we are working with our Board and outside financial advisors to determine what acquisitions and investments should be made. We look at this question with a rigorous focus on financial returns and the strength of our balance sheet.

A good example of that process was our purchase of About.com, our information-based Web site which relies on a network of authoritative guides to cover thousands of subjects. While some have criticized this acquisition, their analysis ignores the full extent of what About has achieved:

Its revenue jumped an estimated 50% last year and its operating margin expanded to 38% in 2006, up from 27% for the months in 2005 during which it was owned by The New York Times Company. As a result, we believe About.com is now worth at least twice what we paid for it.

Moreover, About is having a powerful effect on our Company by providing NYTimes.com, Boston.com, IHT.com and our regional sites with critical, digital expertise. This includes optimizing content so that it is more visible to search engines, which leads to significant increases in traffic and thereby makes our online pages more profitable.

And as we go forward, About.com will continue to adapt as its digital competitors change. In that regard, About.com is exactly like every other business it cannot rest on its very well-deserved laurels.

We also have been criticized for under-investing in The New York Times, thereby losing our leadership circulation position in New York market.

Certainly all newspapers are suffering some mightily in print circulation. While The New York Times is not exempt from that in any single market, our national strategy which has been a core strategic thrust of The Times since the mid-1990s has enabled us to post circulation numbers which are the envy of the industry. In fact, between September 1998 and September 2006, we recorded an increase of 37% in our national daily copies and a 32% increase in our national Sunday copies.

As for New York City, since 1851, when The New-York Daily Times as it was called then was established, holding the lead in circulation was never the strategy. We have never strived for quantity over quality. Rather we have followed an extremely successful strategy based on the quality of our audience.

To see the difference I ask you to compare the profitability of The Times to that of our local competitors.

4

Some have criticized the decision to build our new headquarters, which will be the home for many of our employees by the end of June. We are investing a net $500 million in the new headquarters. Today it is estimated to be worth over $1 billion.

Just as importantly, it speaks to our future. A digital enterprise demands a setting that facilitates its active participation in that bold, new world. Our old headquarters on 43rd Street was opened in 1913 as the printing annex to The New York Times. It was designed to be a heavy metal factory and served magnificently in that role.

So, too, will our new home serve us magnificently. It furthers the cause of 21st century journalism by allowing print and digital integration. It also enhances the efficiency of our operation by creating flexibility and utilizing updated technology.

This includes numerous path-breaking environmental features, such as the ability to generate one-third of our power using clear burning gas. We will see an approximately 20% savings in energy costs in the new building.

It has been noted that I carry two titles chairman and publisher. This is true. Indeed, until 1997 when I became chairman, my predecessors carried three titles chairman, CEO and publisher. When I stepped into the role of chairman it was clear that the world had become too complex for one manager to assume all three positions. That is why I recommended, and the Board agreed, that we should split off the CEO role.

As Chairman, I work with our Board and management in overseeing the strategic direction of the Company. As Publisher of The Times, I have ultimate responsibility for both the news and editorial pages of the newspaper.

This allows me to balance the financial and journalistic needs of this institution, thereby reducing any internal disagreements that might jeopardize the productivity and synergy within our organization.

And having a presiding director, the role Ellen Marram plays on our Board, makes this structure work even better for our Company.

This brings me to the issue of executive pay, specifically, our pay philosophy and the steps we have taken in the last year.

Every member of our management team is a shareholder, just like the people in this room. We are vitally concerned with building shareholder value.

A significant part of the compensation at the most senior levels of our organization is directly tied to the results of the Company, its operating units and the performance of our stock.

The independent members of the Board, and the members of the Compensation Committee, set pay for our executive officers based on a number of factors, including external surveys, individual performance and internal equity.

In doing so, we aim to drive both short and long-term performance, and to enable us to attract, retain and motivate the highest caliber of executives by offering competitive compensation. We also align our executives total compensation to the interests of our shareholders by linking a significant portion of it to stock price performance.

In the last year we made a number of changes in executive compensation.

Michael Golden and I decided to forgo any stock compensation for 2006 and 2007. For 2006, that money was used to create a bonus pool of $2 million, the approximate value of our 2005 stock-based compensation, to reward exceptional performance by employees who don t participate in the Company s annual bonus plan. This pool was distributed in February and we expect that a similar amount will be distributed next year.

I also asked that the Board limit my 2006 annual bonus to no more than my bonus for 2005. The Board honored my request.

And for 2007, the senior management of our Company did not receive salary increases.

Let me conclude where I began, with the performance of the stock of this Company. We are committed to increasing shareholder value in ways that enhance our long-term prospects.

We will do so by continuing to implement a strategy that will enable our Company to grow, while we continuously evaluate our course and our progress. We will work to bring our expenses into line with our revenues; we will constantly evaluate our portfolio; we will make those disciplined investments we deem critical for our digital transition, and we will continue to ensure that the brands we have do all they can to be leaders and to own their markets. We will do this both in print and online.

And we will continue to welcome the input from our shareholders. The questions that have been raised are welcome reminders of the concerns we all share about the performance of our stock.

Over the last year, my colleagues and I have met with a significant number of our institutional shareholders to hear from them first hand. We have even invited some to speak directly to our Board, both with and without management present. Their input received serious consideration in our Board deliberations and we look forward to continuing this dialogue.

And now I will turn it over to my friend and partner, Janet Robinson.

JANET ROBINSON

Thank you, Arthur.

Arthur talked about how a great organization operates and this is an extremely important theme for us. It establishes a mindset for how we approach our tasks, both day-to-day and long-term.

We know that a great organization must adhere closely to its core values, and we continue to do exactly that. In the midst of our constantly evolving business environment we continue to tightly embrace our historic mission of providing our audiences in this country and around the world with quality journalism.

Arthur mentioned the two Pulitzers our Company was awarded last week, but that s just the tip of the iceberg.

We ve also won numerous other distinguished journalism awards across our Company, from a George Polk Award to Lydia Polgree for her coverage of Darfur to a Dupont for our documentary Nuclear Jihad, which was produced in collaboration with The Canadian Broadcasting Corporation to four Overseas Press Awards.

I could go on, but I think I ve made my point.

We remain the gold standard of journalism.

We know that a great organization must maintain its vitality. In that regard, The New York Times brand audience is more robust than ever. Today, between The New York Times newspaper and NYTimes.com, we reach 17.3 million readers, a gain of almost two million from 2004. And independent research studies show that the weekday Times is considered by opinion leaders to be the most influential brand among all media.

A particularly important target group for us is young adults. The Fall 2006 Student Monitor Study report, the only nationally syndicated market research study of the college student market, found that The Times is the No. 1 newspaper read among college students, with 1 million college readers in print and over 800,000 more online readers each week.

That explains why the average age of The Times reader in print has not fundamentally changed in over a decade 43 years old for the daily and 47 for Sunday. That also happens to be around the average age of NYTimes.com readers.

We know that a great organization responds effectively to challenging situations. For us, a good case in point is the New England Media Group, where consolidations in the retail, telecommunications and banking industries, along with increased broadband penetration and slow economic growth, have adversely affected the Group s financial performance.

We responded to this turn of events by bringing in new leadership, launching new products, reducing costs and developing a more effective business model. We are encouraged by the fact that significant retailers, banks and hotels are entering and expanding in the Boston market, bringing with them new ad dollars.

We also are encouraged by the rebirth of The Boston Globe magazine and the introduction of new products like Sidekick, a tabloid that appears with the Globe Monday through Saturday offering tips on entertainment, shopping, and dining.

Finally, we know that being a great organization requires having the fortitude and imagination to engage in a constant process of re-invention to respond to fundamental changes.

A good example is what we are seeing in our Regional Media Group, which produced many new products in 2006:

- Three new magazines were added in Santa Rosa, Florence and Lakeland.
- Two additional weeklies were introduced in Lakeland and Sarasota.
- In 2006 Ocala purchased a Spanish-language weekly, Voz Latina.
- And the Gainesville Voice weekly newspaper and Web site were launched in January 2007, using a business model based on citizen journalism.

All these show that innovation continues to thrive.

All I have described is part of our long-term strategy, which has five elements:

- To enhance our strong brands through the introduction of innovative new products and services across media platforms;

- To aggressively pursue leadership positions in key content area. We are doing this by exploiting the complementary nature of our print and Web platforms and providing our readers with deeper content in key areas;

- To build a vibrant long-term innovation capability that helps us anticipate and meet changing consumer needs;

- To rebalance our portfolio of properties and exercise financial discipline as we allocate capital for the benefit of our shareholders; and

- To increase our operational efficiency and reduce both fixed and variable costs.

Now let me update you on our progress.

Both Arthur and I have spoken about our powerful and trusted print brands. They remain a strategic cornerstone of all we do, for print audiences remain significantly larger than their web counterparts.

We believe that newspapers in print will be around for a very long time. This point of view is not about nostalgia or a love of newsprint. Instead, it is rooted in fundamental business reality: newspapers continue to be a very profitable business.

That is why we continue to invest in print products such as Play, Key, Design New England and Fashion Boston and in the content of the daily and Sunday editions of our papers.

But we are also preparing for the ongoing digital transformation, and getting ready to support our news, advertising and other critical operations as digital platforms become more pervasive in our industry.

Now let me build on what Arthur said about enhancing our presence in the digital space and how it has been paying off from a financial standpoint. In 2006, our Internet revenues made up more than 8% of our total revenues, compared with just 4% in 2004. Last year our online advertising revenue grew 41%.

6

These are significant numbers and growth rates. Together they give us confidence and we are building on these successes both by aggressively developing new online products and enhancing our online areas. This will help us to achieve three goals: attract more users, deepen their engagement through relevant content and increasingly make more revenue from their visits.

Our acquisition of About.com is helping us to achieve all three of these goals. About is expanding its presence, significantly increasing its video library, engaging its audience even more deeply through greater use of user-generated content and exploring opportunities to better serve the approximately 30% of its users who come from outside the United States.

About, which is just one element of a larger Web strategy, brings new energy, new ideas, new tools and new skills to our Company.

Another good example, albeit smaller, is our acquisition of Baseline/StudioSystems. This new property brings multiple benefits to our Company. By supplying the movie and television industries with an extraordinarily comprehensive database of news and information, it deepens our relationships within many of our largest advertising clients. Moreover, because these customers pay subscription fees for the information, it further diversifies our digital revenue, complementing our advertising revenue streams.

We will also use a version of the information in the movies and television sections of nytimes.com, providing our users with much richer content about their favorite movies, actors and directors, thereby deepening user involvement and increasing advertising inventory in this all-important category.

Additional examples include our acquisitions of Calorie-Count.com, a new site that offers weight loss tools and nutritional information, and UCompareHealthCare.com, a digital healthcare ratings company. Both supplement About.com s already strong health content.

As we have discussed in previous annual meetings, we are always looking for ways to strengthen our classified ad business. In February we entered into a strategic alliance with Monster Worldwide, a leading online employment company, to sell help-wanted ads, both on its Web site and ours.

This alliance creates the second largest provider of online job listings in the New York market. Through this partnership we are creating co-branded sites targeting both local and national recruitment markets. Monster will also introduce a new click-to-print feature that will provide online clients with a simple method to publish their online job listings as print ads in our newspapers.

Now let s turn to our second strategic focus: enhancing our online content areas. The real estate, entertainment, travel, health and now auto segments are introducing new features that appeal to our very demanding 21st century audiences. They provide dependable information that cannot be found anywhere else, create better opportunities for our advertisers to reach the customers they want, and offer those customers one-stop shopping. These investments have enriched user experience and consequently increased traffic.

Our pursuit of operational integration has become a critical ingredient in our efforts to introduce new products, develop our online segments and increase revenues.

Last year, we were the first in our industry to integrate the print and digital advertising teams and newsrooms at all our properties. This enhanced our operational efficiency, strengthened skills and made it easier to create products on an accelerated timeframe.

Our advertising colleagues now sell our audiences across all platforms. We effectively increased the size of our sales force without actually adding to headcount. In the newsroom, our reporters and editors are more attuned than ever before to the different ways our readers consume news and are making greater use of podcasts, blogs and video.

Our third strategic focus is building a vibrant long-term R&D capability a concept unique in the newspaper industry when we created this group.

In its first full year of operation, R&D worked closely with our business groups to create new mobile products at many of our properties, launch new digital platforms such as TimesReader and refine the local search product at Boston.com. In the coming year, we will build upon R&D s product activities in mobile and video.

R&D is also focusing on such new tools and services as data mining, to identify hidden patterns in the behavior of visitors to our Web sites. This will help us to better serve our customers by presenting our content in more engaging ways. It will also serve our advertisers by increasing our ability to target and optimize their campaigns.

Our fourth area of strategic focus is rebalancing our portfolio and exercising financial discipline as we allocate our capital for the benefit of our shareholders. As Arthur mentioned, we continuously evaluate our businesses to determine if they are meeting their targets for financial performance, growth and return on investment. We also continuously determine their relevance to our long-term strategy, and this process had led to a series of divestitures:

Last year we sold our 50% investment in the Discovery Times Channel for $100 million. While Discovery was an award-winning venture, we felt we could make more of an impact, as well as more revenue, by focusing on the short-form Web video which is driving traffic.

In January 2007, we announced an agreement to sell the Broadcast Media Group for $575 million. We expect the sale to close in this quarter.

And shortly, we will complete the sale of our radio station WQEW-AM for $40 million to Radio Disney, which has already been operating it under a lease agreement.

7

Our fifth and final strategic focus is operational efficiency and cost reductions. Over the past two years, we have lowered our costs and realized productivity gains by approximately $120 million, tough but important steps which help improve our margins.

This critical work continues through a multitude of initiatives to reduce our cost structure, streamline our organization and strengthen the effectiveness of our enterprise. This year we expect to achieve additional cost savings and productivity gains of $65 to $75 million, excluding one-time costs.

We have sharpened our focus on further reducing our fixed cost base. Two years ago we closed one of the Globe s inserting plants and consolidated operations at its main plant, and now we re in the process of consolidating the Globe Direct facility into the Worcester Telegram & Gazette s plant, and we have recently completed the consolidation of two plants in our Regional Media Group.

At The Times, last year we announced plans to close our Edison, N.J., printing plant and consolidate printing of the paper s Metro edition into our newer College Point facility in Queens, N.Y. This work should be completed during the second quarter of 2008 and is expected to result in annual savings of $30 million.

Later this year The Times will reduce the width of the paper from 13.5 inches to the evolving industry standard of 12 inches, providing us with approximately $10 million in annualized savings. The Boston Globe will shortly follow.

In January, we announced the outsourcing of back office operations ranging from order processing to credit collections.

And recently we engaged a major consulting firm to assist us in building on our revenue enhancement and cost reduction efforts across the Company.

When we complete our move to our new headquarters in June, our capital spending for it will come to a quick end. Between staff reductions and relocating some departments to less expensive office space, we are now leasing out five floors that we had planned to use. This represents one-fifth of our space and, at current market rates, provides meaningful cash flow to our Company.

The completion of our new building and the restructuring of our portfolio raise the question of what we will do with our free cash going forward. The answer is that we will find ways to create value for our shareholders by being very disciplined with the use of this money. Our priorities include:

- Investing in high-return capital projects that will improve operations, increase revenues and reduce costs. These include our plant consolidation and web-width reduction projects;

- 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 an attractive dividend, as our recent decision to increase our quarterly dividend by 31% suggests. Our new yield of 4% is far above the S&P 500 and others in our industry;

- And, when appropriate, repurchasing our stock.

Our emphasis has been on the first two of these items because they are critically important in improving the Company s long-term performance by growing revenues and reducing costs as we re-position our businesses.

Before I turn the meeting back to Arthur, let me say that we know what The New York Times Company must be and do to compete successfully.

We have and continue to elicit ideas and analysis from within the organization.

We have and continue to make use of the considerable expertise of our extraordinary directors.

We have and continue to listen to some of the nation s most well-regarded business consultants.

And we have and continue to listen to our shareholders.

We are doing all we can to ensure that we incorporate the best ideas and thinking as we implement our strategy, continue to strengthen our quality journalism franchise, and make thoughtful decisions about capital allocation, acquisitions, divestitures, valuation, expense reduction and new technology.

Our 11,000 employees are rising to the challenge, acting with urgency, and getting the job done. As we move ahead through the rest of 2007, we will produce, achieve and succeed... for this is the only way we will consistently prosper in this new business environment.

ARTHUR SULZBERGER JR.

Thank you, Janet.

I have two equally important and compelling responsibilities as leader of this enterprise. I am the chairman of a publicly traded company committed to its shareholders. I hope that what you have heard over the past 45 minutes shows you how seriously my colleagues and I take that mission.

I also carry the responsibility to protect the family trust and the heritage of an important institution. So let me talk for a minute about what this means, not only to me and my family, but to all of us as citizens in a democracy.

My family s dedication to this Company is fundamental and enduring. We see this Company as an extraordinary American institution and a sacred trust, with the explicit goal that each generation make it stronger, more compelling and more accessible.

As the great journalist David Halberstam recently said at an event honoring my aunt Marian Heiskell:

The Times is a great newspaper because the Sulzberger family is a very special family which has set a remarkably high standard of obligation and responsibility and does so generation after generation.

I thanked David for these generous words then and I do so again now.

The dual class stock structure set up by our grandfather was designed specifically to protect the journalistic independence and integrity of The Times.

That visionary architect knew that his successors would have to adapt to rollercoaster economic cycles, shifts in the media marketplace and technological evolution. He recognized how any or all of these factors could imperil our fundamental role of ensuring an informed electorate, which is so critical to a healthy democracy.

He understood this because he had experienced it; and therefore took the necessary steps to provide future senior executives and directors with the freedom to manage The New York Times Company for the long term.

He created this stock structure specifically to get us through times like this, times of great transition and potential short-term disruptions in valuation. All of us my family and you, our shareholders have felt the pain of this disruption.

I want to stress, however, that this protective structure is neither an ivory tower nor a fortress. From the Board to the newsroom to our delivery truck drivers, we recognize that we owe our investors whose capital enables our mission a competitive return on their investment. We will deliver.

I encourage you to continue your support of our long-term success.

This has been one of our longer presentations, but Janet and I wanted to demonstrate how this Company is aggressively and successfully competing in an environment that has been transformed by the growing power of the Web.

We are ready for the challenges ahead and we embrace them, for they extend our reach and increase our audience in ways unimaginable to previous generations.

We are doing exactly what The New York Times Company must do if we want to build on our more than a century and a half of journalistic and financial successes, maintain our reputation as global news leaders and honor the traditions of excellence established by the Ochs/Sulzberger family.