

## Markets

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### Shareholder Steps Up Fight With NY Times

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NEW YORK — A dissident investor is escalating a showdown with the New York Times Co., seeking steps that would lessen the Sulzberger family's control over the storied newspaper company.

Morgan Stanley Investment Management, which owns 7.6 percent of the company's stock and is unhappy with a long slide in its share price, submitted a proposal Wednesday aimed at giving other shareholders more say in the company's operation and future.

The proposal calls on the Times' board to make several changes, including putting its dual-class share structure — which cements control of the company by the Sulzbergers — to a shareholder vote.

It also calls for the roles of chairman and publisher of the Times' flagship newspaper to be separated. Both jobs are currently held by Arthur Sulzberger Jr.

A spokeswoman for the Times, Catherine Mathis, said that the company would evaluate the proposal. But Times officials have said in the past that the two-class system can only be changed by the Sulzberger family itself, and they have given no indication that they intend to do so.

The shareholder proposal marks an escalation of a conflict that surfaced this April, when the investment fund withheld its votes for Times directors in protest of the company's two-class share structure, saying it "fosters a lack of accountability" to shareholders.

At the time, the fund said that compensation for the Times' managers was "substantial" and had "increased considerably" despite a sharp tumble in the company's share price since its peak in June of 2002.

The shares traded over \$52 at that time but have fallen steadily since mid-2004. They rose 37 cents, or 1.53 percent, to close at \$24.53 on the New York Stock Exchange, and have traded between \$21.54 and \$29.49 over the past 52 weeks.

In a letter to the Times accompanying its shareholder proposal, Morgan Stanley said that equalizing the company's share structure would cultivate "a culture of accountability that will ultimately benefit the New York Times newspaper and all shareholders."

The proposal also includes a recommendation to adopt a policy of making the chairman an independent director and making a majority of the members of the board's compensation committee independent directors.

The Times is one of several newspaper and media companies that are controlled by families through special classes of shares, including The Washington Post Co., Viacom Inc. and Dow Jones & Co., which publishes The Wall Street Journal.

Under the Times' corporate rules, the holders of publicly traded Class A shares elect 30 percent of its board of directors, while the Sulzbergers, who own most of the Class B shares, elect the rest.

The company put the two-class share structure in place even before its public share offering in 1969 and says the system is intended to ensure the editorial independence and quality of the Times.


However, shareholder advocates are often critical of two-class shareholder structures, saying they take power away from ordinary shareholders.

In a supporting statement for the proposal, Morgan Stanley Investment Management said it believes that the Times' current governance practices "deviate from what is widely considered to be best practice by corporate governance experts."

Those deviations, it said, "which may have at one time been designed to protect the editorial independence of the news franchise, are now eroding the foundations of the enterprise which they were created to protect."

In a letter to Elmasry last week, the Times' secretary and corporate governance officer, Rhonda Brauer, said that the Times' governance practices "generally meet or exceed best practices," and noted that its independent directors meet without management at least once a year, and that the company has divided the roles of chairman and CEO.



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