

FINAL**

*Annual Conference of
German Newspaper Publishers Association
“A Global Vision for a New Century”
Berlin, Germany
September 30, 2003*

SLIDE ONE: CORPORATE LOGO

Good morning. I am pleased to be with so many of my newspaper colleagues; and I would like to thank the German Newspaper Publishers Association for inviting me to speak at your conference.

SLIDE TWO: BERLIN WALL GOES UP

I will start off today with a shameful admission. The last time I was in this lovely city, the Berlin Wall still stood. It would topple within a year, but the brightest minds attending the international journalism gathering that had brought me here, all shared one fundamental conclusion:

If the East Germans take down the Berlin Wall, the West Germans will rebuild it.

The thought was simple and you know it better than do I: Everybody was invested in that obscene barricade and the system it represented. It wasn't about making a philosophical or moral distinction between communism or capitalism, democracy or dictatorship. It was, instead, about accepting, either explicitly or implicitly, all the political and psychological realities of the Cold War and its concrete and steel embodiment, the Berlin Wall.

This mindset was not, of course, unique to West Germany. Government officials throughout the world ritually and sometimes eloquently condemned that terrible political construct. But they knew how to make it work. They eventually came to believe that managing the status quo was fundamentally less scary than preparing for whatever might come next.

SLIDE THREE: BERLIN WALL COMING DOWN

Yet the Wall did fall, of its own weight -- and the Soviet Union did drift into political oblivion a few years later -- and we learned an incredibly valuable lesson: our civilization does not progress in an orderly or linear fashion. There is change and there is upheaval. And perhaps, most miraculously, things sometimes take a turn for the better.

A united Germany almost immediately became self-evident. It was not an easy task as the economic, political and social obstacles were truly daunting. You had to engage in an act of reinvention, and you rose to the challenge, shouldered immense burdens, and finally achieved a 45-year old national dream.

Today, the future of Germany -- indeed all of Europe -- is immensely brighter than when the Iron Curtain descended and family was pitted against family. We can all be thankful that the collective memory of that regrettable era is starting to fade.

Clearly, the world continues to evolve in innumerable ways, but because I am a newspaperman and not a politician, I will resist drawing various parallels between the uncertainty that abounded during the Cold War and the fall of Communism in Europe and our current confrontation with global terrorism.

SLIDE FOUR: NEWSPAPERS

My job -- your job -- is not to make policy, but rather to help our citizens understand the issues they face and the choices their leaders make. And that job has become both more complex and more important. Our readers need to know not only what President Bush says and does, but also what Chancellor Schröder thinks and how he is responding to the challenges of this tumultuous era.

Ever since the first newspaper was published in Germany in 1605, each generation feels a closer connection to those further and further away. To state the obvious, the communication revolution is turning us all into virtual neighbors. Through that, our world is being shaken and transformed in ways that is surprising even the most visionary futurists.

Consider that when my wife and I first walked through Checkpoint Charlie and took a rail trip behind the Iron Curtain a quarter of a century ago, when we were both young agency journalists, we were virtually incommunicado. When we emerged three months later in Hong Kong, it was like being in a time warp; we had heard practically no international news. That is inconceivable today. My cellular telephone works in Russia, China, New York, and here in Germany and I am, therefore, always digitally linked to the global news cycle.

SLIDE FIVE: NEWSPAPER HEADLINES

Between my last trip to Berlin and today, the Communication Wall has also fallen and, like it or not, we must learn to coexist within a new matrix of worldwide relationships. Decisions about AIDS, terrorism, pollution or unemployment made in New York, Berlin, Beijing or Johannesburg can quickly and dramatically affect life on the rest of the planet.

SLIDE SIX: A NEW AGE OF PROXIMITY/PHOTOGRAPHS OF PEOPLE

The “*Age of Proximity*” has arrived and it is not just about enhanced access to news and information. It is about something far more important. It’s about the emergence of an authentic global culture and the forging of new rules of social engagement that are reconfiguring human interaction at a very basic level.

Of course, as with all technological upheavals, there is discord and disruption. Individuals, businesses and governments are trying to come to grips with the seismic ramifications of this electronic revolution. Digital piracy, the transmission of destructive computer viruses and the increasing boldness of hackers are all examples of the ongoing rebellion against an increasingly interconnected global society. The recent protests in Cancun were, to some extent, also a response to these new, unsettling forces.

While I could wax poetically about how the Internet, cell phones, terrestrial repeaters, PDAs, broadband and fiber optics are becoming the brick and mortar of postmodern society and possibly even the impetus for a more rational international exchange; it is time to ask a very important question that will have a dramatic effect on all our bottom lines:

SLIDE SEVEN: ARE THESE NEW COMMUNICATION TOOLS GOOD FOR NEWSPAPERS?

Are these changes good for the newspaper industry? (After all, isn't this what we are really discussing today?)

My answer is yes.

But we must develop an even greater insight into how this communication revolution is affecting our way of life and begin to reflect this new understanding in how we cover our communities and how we report on the world.

I recognize that the European newspaper industry is going through a difficult period and German publishers, in particular, are dealing with the worst advertising downturn in recent memory and it is tempting to blame all this on our dot.com and computer colleagues.

Nevertheless, we have to be thoughtful about cause and effect. This downturn has little to do with technology and a lot to do with the current state of the economy; new readers adapting to a very uncertain environment and older readers coping with a world that they no longer recognize.

SLIDE EIGHT: SIGNS OF IMPROVEMENT HEADLINES

These are all short-term realities. Young people will adjust to their environment. National and regional economies will recover. Events will take a turn for the better. In the long term, having the ability to access a much wider range of information from all over the planet will only bolster the newspaper industry.

As readers become more curious about new cuisine, new architecture, new music, new industries, new technology and virtually everything else, they will look for trustworthy sources of information and a reliable guide ... and these are things we have always done very well, for a very long time.

What these audiences also find very exciting is the democratization of information. You can find virtually anything you want to know on the Internet -- and some things you definitely don't want to know. These audiences are also growing to appreciate the fact that that they no longer have to be an expert in a particular area to learn a lot about a specific topic or find out about a new breaking development.

And as we have learned in representative government, when people feel more personally involved, their interest ... and their participation substantially increases.

SLIDE NINE: GERMANY

German newspapers will do particularly well in this new information-centric era. It is well known that Germans have a strong interest in what is happening in different parts of the world, love to travel, have a natural curiosity about every imaginable subject, and are fascinated by other cultures. It therefore makes perfect sense that you are the most avid readers of national daily newspapers in Europe.

SLIDE TEN: ENTERING THE GLOBAL MARKETPLACE

The New York Times Company should also prosper in this outward-looking, technology-propelled media marketplace. We strongly feel that it plays to our ability to look beyond our nation's borders, a hallmark of our news report since our newspaper was founded in 1851.

SLIDE ELEVEN: FIRST PAGE

In fact, on the front of our very first edition, more than 150 years ago, one finds news from Bavaria, Frankfurt and Prussia. But the most alarming story came from Bremen, where the treasurer of a school was arrested for embezzling a serious amount of money. Apparently he had been an esteemed member of the community and it created quite the scandal. This sounds quite familiar to today's business environment; does it not?

SLIDE TWELVE: SYNDICATE AND NEWS SERVICE/TIMES'S AND GLOBE'S INTERNATIONAL REPORT/NEW YORK TIMES WEB SITE/IHT

Your newspapers have played a critical role in our international strategy. Many of the publications here today have been clients of The New York Times News Service and Syndicate for decades – and I thank you for your patronage.

BUILD

At the core of our excellent international journalism are the contributions made by the intrepid foreign correspondents and photographers of The New York Times and The Boston Globe. We have news bureaus all over the world and they do an outstanding job -- in what are sometimes very dangerous environments.

BUILD

Another integral element in our global aspirations is The New York Times on the Web, where 17 percent of our users come from outside the United States.

You should know that Western Europeans visit our Web site with great regularity, and Germany ranks fourth in usage among all countries, which, of course, is another example of your broad interests ... and your extraordinary taste.

BUILD

And, then there is the International Herald Tribune. As almost all of you know, we acquired full ownership of The Trib at the beginning of the year, and believe it will benefit greatly from operating with a single owner who can provide its full commitment and resources.

We are confident that it will be a critical and compelling component of our multifaceted strategy to speak to a worldwide audience.

SLIDE THIRTEEN: PHOTOGRAPH OF MIDDELHOFF

Another example of our concerted effort to reach audiences around the globe was the recent election of Thomas Middelhoff, the former chairman and CEO of Bertelsmann and now a partner at Investcorp, to our Board of Directors.

We are delighted to have Thomas join us. His background and experience in the international media and Internet businesses will be extraordinarily useful as our Company pursues its global ambitions through the IHT and our digital enterprises.

**SLIDE FOURTEEN: NEW YORK TIMES COMPANY
CORPORATE LOGO WITH DIFFERENT PROPERTIES**

Learning how to operate in this new era, with its innumerable technological, geographical, and demographic challenges is The New York Times Company' top priority. It has required a lot of very difficult and even painful discussions about what is important and what isn't, which traditions are absolutely sacred and which can be discarded. I am sure that most of you have gone through a similar, gut-wrenching process.

SLIDE FIFTEEN: PLATFORM AGNOSTIC

For The Times, the major intellectual and cultural leap was to recognize that we had to be “*platform-agnostic*.” To succeed in this multiple media world, we have to follow our customers. As I mentioned earlier, audiences throughout the world are learning to make full use of every available medium, from newsprint to television; from Web sites to radio to books. We plan to be there for them.

SLIDE SIXTEEN: APPLE AND IBM

When we first started this journey more than 15 years ago, cable was the popular new communications industry; Apple’s Macintosh computer was taking on the IBM PC and electronic mail was being transported by the National Science Foundation’s high speed network, the eventual backbone of the Internet until the mid-1990s.

While everything seemed in flux, we became absolutely convinced that if we were to be competitive in the 21st century, our products, our business model, our marketplace and our technology would all have to evolve.

SLIDE SEVENTEEN: PREDICTIONS

Niels Bohr, the great physicist once noted: *“Prediction is very difficult, especially about the future.”* While no one knew how any of these new innovations would ultimately affect us, we started out with a few basic truths: we loved The Times; we loved our legacy; we loved our magnificent journalism. And we also knew in our heart of hearts that The Good Gray Lady, as The Times has been known for decades, would become even more in demand as news, information, and, most importantly, knowledge became increasingly precious commodities.

We were also strongly guided by the counterintuitive, perhaps even retrograde, belief that newspapers would remain quite popular for a very long time.

SLIDE EIGHTEEN: PEOPLE READING NEWSPAPERS

There are many explanations for their continued resilience. Readers like the way information flows. They like discovering a wide range of different articles and our use of headline size and placement to guide them. In addition, over the past few decades, newspapers have become increasingly accessible, with color, graphics and many new features and services.

And, of course, newspapers remain very transportable. You can take them anywhere, no recharging required.

SLIDE NINETEEN: HOME DELIVERY

Buoyed by our confidence in The Times and in the continued longevity of newspapers, we had to do two basic things: devise a strategy that would enable us to locate our committed readers and find a way to deliver their papers by a reasonable hour ... preferably, before they went to work.

SLIDE TWENTY: NEW YORK AREA EXPANSION MAP

Sounds simple, right? Unfortunately it wasn't. In the 1960s and 70s, our loyal subscribers were leaving New York City for the suburbs in droves.

SLIDE TWENTY-ONE: UNITED STATES EXPANSION

By the 1980s, they were venturing even farther, settling in towns and cities that couldn't possibly offer a memorable museum exhibit, great opera or an extraordinary dining experience. This sounds a tad chauvinistic; it also happens to be true.

We first thought that we had lost these good people forever, but then we started to hear from them. They told us that they were faring well in their new cities and towns, but that their lives would only be complete if they could get a copy of their favorite newspaper.

SLIDE TWENTY-TWO: LOOKING FOR OUR AUDIENCE

Our readers still wanted to follow the theatre and the arts scene, and once again read the nation's most respected international report.

SLIDE TWENTY-THREE: 1987 STOCK MARKET COLLAPSE/TIMES HEADLINE

The Times started its reinvention process in 1987. We had just recorded five straight years of constant revenue and profit growth. We were actually turning away advertisements because our pages were full -- a problem that we would all like to have today.

The stock market collapse that October ended this halcyon period, bringing both Wall Street and New York City to their knees. All of a sudden The Times, and every other newspaper, were forced to cope with a brutal advertising recession. I bring this up because, given current economic conditions, you will fully appreciate what we were trying to do.

At that point, we were forced to grapple with two different challenges: First, how to manage the newspaper when profits were falling like a stone; and, more strategically, how to stay true to our values and adhere to a ten-year plan designed to carry us to our future.

SLIDE TWENTY-FOUR: CHALLENGES OF OUR FIRST TEN-YEAR PLAN

This plan, created just before the market crash, had many components, among them:

BUILD

- Creating a six-section, color daily newspaper with elements we had only dreamed about -- ranging from a stand alone Sports Section to a midnight close for the first edition.

BUILD

- Building two new state-of-the-art printing and distribution facilities.

BUILD

- Reaching landmark labor agreements.

BUILD

- Establishing new editions in Boston and Washington.

BUILD

- And finding a billion dollars to pay for all this.

Horace, one of the greatest poets of ancient Rome, wrote:

SLIDE TWENTY-FIVE: QUOTE AND PICTURE OF HORACE

“Adversity has the effect of eliciting talents which, in prosperous circumstances, would have lain dormant.”

In our case, Horace was absolutely right. This change in financial circumstances forced us to address our many internal conflicts and differences. It also helped us to discover a deep institutional fortitude that allowed us to make our way through this difficult period.

We also decided that we had to become much more proficient at using a wide array of modern marketing tools and techniques.

SLIDE TWENTY-SIX: KNOWLEDGE AUDIENCE

By the 1990s, we were measuring our audience in new ways and establishing that we were, in fact, reaching millions of what we called loyal and like-minded consumers, individuals who had demonstrated a predisposition to the kind of information we provide in the pages of The New York Times.

What this audience had in common wasn't, as it turned out, an affinity for New York City. Rather it was an innate curiosity about the world around them – about ideas as well as events – at the local, national and international levels. This curiosity is rooted in the high value they place on education and the acquisition of knowledge, and is driven by a sense that what happens in the world affects them.

As a result of hundreds of interviews, we learned a lot about this group and used the information that we gathered to better understand how The Times reinforces and supports different parts of our readers' lives. We also empirically established that there is an enormous untapped demand for our content.

We eventually decided that it would be a major strategic objective to serve this quality audience better than anyone else; to meet their informational and transactional needs – by ourselves where we can; in partnership with others when necessary; and to serve them in print and digitally, continuously and on-demand.

As time went on, we also started to develop a far more accurate picture of how knowledge acquisition was altering people's lives in some very fundamental ways. Our audience is beginning to understand what we already know: information isn't knowledge. Indeed, information isn't power. Only knowledge is power.

SLIDE TWENTY-SEVEN: NEW YORK TIMES COMPANY/A PORTFOLIO OF MULTI-MEDIA PROPERTIES

Now, in 2003, we are in the midst of our second ten-year plan. We are committed to building our portfolio of multiple media properties aimed at capturing the lucrative national -- and now international -- knowledge audience served by The New York Times.

Extending the reach of The New York Times is our most important long-term strategic initiative. We must dominate this high-quality audience that advertisers covet because of its demographics, brand loyalty and spending propensities. We intend to maintain and extend our relationship with these critically important readers.

Our primary tactic in this regard is the successful transformation of The New York Times into a national newspaper with robust circulation growth and an increasing share of the national advertising market ... and results are, in fact, quite impressive:

SLIDE TWENTY-EIGHT: EXPANDING INTO NEW MARKETS

We just achieved our initial goal of delivering The Times to 250 markets across the United States. The newspaper is also on sale at over 58,000 retail outlets nationwide, up from 38,000 outlets in 1998.

SLIDE TWENTY-NINE: STARBUCKS SUCCESS STORY

An excellent example is our growing relationship with Starbucks, where The Times is now available in over 3,000 locations nationwide. And over the past year, same store sales at this chain have increased 8% daily and 18% on Sunday.

SLIDE THIRTY: NYTIMES.COM

This national element of our long-term strategy also has a strong digital component led by NYTimes.com, which in June received almost 14 million unique visitors worldwide.

BUILD

We are also the number one newspaper-owned Web site in the world.

BUILD

And we are the number five general news site after CNN, MSNBC, Yahoo! and AOL. This is a significant achievement since we are directly competing against broadcast entities, aligned with either AOL or Microsoft, and the largest online portal.

SLIDE THIRTY-ONE: CONTINUOUS NEWS DESK

In fact, if there is any single thing that I would point to as an element of our success at NYTimes.com over the last few years it has been the close working relationship between our newspaper and our Web site. Our continuous news desk is a great example. Built on a hub-and-spoke system, the CND as we call it, coordinates with our desks in New York and our bureaus around the world to bring our readers, throughout the day, news produced by the New York Times newsroom.

We want to offer our own unique brand of journalism to our readers on the main stories of the day when they want it --- not just once in the morning. And this would be completely impossible without the integration between print and digital.

SLIDE THIRTY-TWO: INTERNATIONAL ONLINE-MEDIA AWARD FOR DIVERSE REPORTING

Recently, NYTimes.com shared the International Online Media Award for Diverse Reporting. This means that by various measurements and benchmarks, our Web site -- along with N-TV Online -- was considered to have *“the most balanced and diverse content among other news websites.”*

SLIDE THIRTY-THREE: BROADBAND USE

While we have firmly established two cornerstones of our national, and increasingly global, future -- print and digital -- it's video that has presented the biggest challenge. Building the needed skill sets and competencies in this medium is important today, but it will be crucial tomorrow.

One of the main reasons is the coming of broadband: that intriguing combination of print, video and digital. It holds such promise. People have been paying attention to this technology for a long time and experts have argued incessantly as to when it will reach that critical tipping point that moves it squarely into the mainstream.

In fact, it may be very soon. According to the London-based firm, Point Topic, “*Western Europe was the fastest growing region in the world for broadband DSL subscribers in the final three months of 2002.*” It also noted that, “*Germany has built up the fourth largest broadband DSL population in the world.*”

And, in the United States, between 25% and 30% of the households with an Internet connection now have broadband access through either a cable modem or a DSL line.

That is one of the two reasons we're so eager to engage in television. The other goes back to our "Knowledge Audience" vision.

SLIDE THIRTY-FOUR: IMPORTANCE OF NEWS AND INFORMATION SOURCES AMONG TIMES LOYALISTS

We know that there are millions of people we categorize as "like-minded, non-readers" – those who don't read The Times in print, but would engage with our quality journalism if they could gain access to it on television. Reaching them is an integral part of our multi-media future.

That is why, within a relatively short period of time, we have become one of this country's largest independent producers of non-fiction programming.

In the end, the brand we want to build is our own – The New York Times. Putting our journalism on other people’s channels merely builds their audiences.

We want to own the journalism; we want to own the distribution; and we need to create a destination where our audience can consistently find our high-quality programs.

SLIDE THIRTY-FIVE: DISCOVERY TIMES CHANNEL

To achieve all this in television, we entered into a joint venture with Discovery Communications. It provides for co-ownership of the new Discovery Times digital cable channel, which we launched on March 25.

The initial response to our hard-hitting documentaries and news commentaries has been quite encouraging. Just recently, we won two Emmys for a New York Times Television-produced program entitled, "*Mortal Enemies*," which took a very close look at the long-standing relationship between Ariel Sharon and Yasir Arafat.

As The New York Times Company increases the strength of our primary businesses and learns to use a multitude of formats, we are developing the institutional confidence to significantly expand our print, broadcast and online presence in the global marketplace. We have learned that new tactics, approaches and sensibilities will be necessary in order to achieve our ambitious goals -- clearly what works in New York City may not be as applicable in Paris, Hong Kong, or Berlin.

SLIDE THIRTY-SIX: INTERNATIONAL HERALD TRIBUNE

As noted earlier, the International Herald Tribune and IHT.com will be two of the primary vehicles for extending our international presence. We strongly believe that our national expansion effort and our international initiatives have provided us with the necessary core competencies that will be needed to achieve success in this new venture.

SLIDE THIRTY-SEVEN: BRANDED PAGES

We have also had considerable success with our branded pages initiative, which adds a weekly section of material from the New York Times inside some of the leading newspapers in Europe, Asia and Latin America.

SLIDE THIRTY-EIGHT: INTERNATIONAL MARKEPLACE

I hope I have been able to fully express our optimism about this new *Age of Proximity*. It is just an extraordinary moment to be in the media business. As the global community makes the hard transition from social abstraction to geopolitical reality, from digital dreams to 24-hour transmission, there undoubtedly will be a much greater demand for what we all do best: providing quality news and information.

Yes, there will be obstacles and hurdles. Yes, there will be days when we yearn for simpler times. But as history has taught us again and again, the status quo is almost never the best choice. What we have also learned is that if we can have the imagination and courage to embrace the future, a glorious era may be well within our grasp.

And I have no doubt that there is sufficient imagination and courage in this room to make almost anything happen! After all, your generation tore down the Berlin Wall; your generation reunited Germany; and your country invented the newspaper. I am fully confident that your newspapers are at the threshold of an exciting new period of journalistic and business success.

Again, thank you for inviting me.