We believe we have a very powerful and trusted brand that, because of the quality of our journalism, attracts educated, affluent and influential audiences. We are continuing to focus on leveraging our brand and developing and innovating our digital advertising offerings. In early 2014, we introduced Paid Posts, our native advertising product, which has contributed to digital advertising growth. We will also continue to build on the strength of The New York Times brand to expand our presence into new products, markets and endeavors, such as expanding our conferences business and developing our e-commerce business.

As we continue to look for ways to optimize and monetize our products and services, we remain committed to creating quality content and a quality user experience, regardless of the distribution model of news and information.

### *Managing our expenses*

Over the past few years, we have focused on realigning our cost base to ensure that we are operating our businesses efficiently, while maintaining our commitment to investing in high-quality content and achieving our long-term strategy. During the fourth quarter of 2014, we announced workforce reductions that we expect will allow us to strengthen our operating efficiencies while continuing to safeguard the quality of our journalism and invest in our digital products and strategic initiatives. See Note 7 of our Consolidated Financial Statements for additional information regarding these workforce reductions. We will endeavor to be diligent in reducing expenses and managing legacy costs going forward, but will also remain prepared to invest where appropriate.

### *Strengthening our liquidity*

We have continued to strengthen our liquidity position and we remain focused on further de-leveraging and de-risking our balance sheet. As of December 28, 2014, we had cash, cash equivalents and marketable securities of approximately $981 million and total debt and capital lease obligations of approximately $650 million. Accordingly, our cash, cash equivalents and marketable securities exceeded total debt and capital lease obligations by approximately $331 million. We believe our cash balance and cash provided by operations, in combination with other sources of cash, will be sufficient to meet our financing needs over the next 12 months.

In September 2013, we announced the initiation of a quarterly dividend in which both classes of our common stock participate equally. We believe this quarterly dividend allows us to return capital to our stockholders while also maintaining the financial flexibility necessary to continue to invest in our transformation and growth initiatives. Given current conditions and continued volatility in advertising revenues, we believe it is in the best interests of the Company to maintain a conservative balance sheet and a prudent view of our cash flow going forward.

### *Managing our retirement-related costs*

We remain focused on managing the underfunded status of our pension plans and adjusting the size of our pension obligations relative to the size of our Company. Our qualified pension plans were underfunded (meaning the present value of future obligations exceeded the fair value of plan assets) as of December 28, 2014, by approximately $264 million, compared with approximately $80 million as of December 29, 2013. The increase was driven by a decline in interest rates and new mortality tables adopted by the Society of Actuaries during the fourth quarter of 2014, partially offset by solid returns on pension assets. The net impact to our qualified pension plans resulting from the new mortality assumptions was an increase of $104 million. We made contributions of approximately $15 million to certain qualified pension plans in 2014, compared with approximately $74 million in 2013. We expect contributions in 2015 to total approximately $9.0 million to satisfy minimum funding requirements.

We have taken steps over the last few years as part of our ongoing strategy to address our pension obligations, including freezing accruals under the qualified defined benefit pension plans that cover both our non-union employees and those covered by collective bargaining agreements. We have also offered an immediate pension benefit offer in the form of lump-sum payments to certain former employees and we will continue to look for ways to reduce the size of our pension obligations.

While we have made significant progress in our liability-driven investment strategy to reduce the funding volatility of our qualified pension plans, the size of our pension plan obligations relative to the size of our current operations will continue to have a significant impact on our reported financial results. We expect to continue to experience volatility in our retirement-related costs, including pension, multiemployer pension and retiree medical costs. In 2014, our retirement-related costs increased by approximately $16 million to $37 million (excluding a $9.5 million pension settlement charge in 2014), due principally to a lower assumed return on pension plan assets resulting from a shift in asset mix to bonds from equity, higher retiree medical costs and higher pension interest costs. For 2015,