

Non-operating retirement costs increased to \$36.7 million in 2014 from \$20.8 million in 2013, driven by lower expected returns on pension assets, higher retiree medical costs and higher pension interest cost.

Outlook

We remain in a challenging business environment, reflecting an increasingly competitive and fragmented landscape, and visibility remains limited.

For the first quarter of 2015, we expect circulation revenues to increase at a rate similar to that of the fourth quarter of 2014, driven by the benefit from our digital subscription initiatives and from the most recent home-delivery price increase, partially offset by print weakness, particularly in newsstand volume. We expect the number of net new digital subscriber additions in the first quarter of 2015 to be in the mid-30,000s.

We expect advertising trends to remain challenging and subject to significant month-to-month volatility. In the first quarter of 2015, we expect advertising revenues to decrease in the mid-single digits compared with the first quarter of 2014, in part due to more challenging year-over-year comparisons, particularly in print. We expect digital advertising revenue to increase in the low double digits in that period.

We expect other revenues to grow in the mid-single digits in the first quarter of 2015 compared with the first quarter of 2014.

We expect operating costs and adjusted operating costs to be roughly flat in the first quarter of 2015 compared with the first quarter of 2014. We also believe that recent expense management efforts, including workforce reductions announced in the fourth quarter of 2014, should allow us to maintain or slightly lower our operating costs and adjusted operating costs in 2015, relative to 2014 levels.

We expect non-operating retirement costs in the first quarter of 2015 to be approximately \$10 million compared with \$8.9 million in the first quarter of 2014 due to higher multiemployer pension withdrawal costs.

We also expect the following on a pre-tax basis in 2015:

- Results from joint ventures: breakeven to \$5 million,
- Depreciation and amortization: \$60 million to \$65 million,
- Interest expense, net: \$40 million to \$45 million, and
- Capital expenditures: \$35 million to \$45 million.

Business Environment

We believe that a number of factors and industry trends have had, and will continue to have, an adverse effect on our business and prospects. These include the following:

Competition in our industry

We operate in a highly competitive environment. Our print and digital products compete for advertising and circulation revenue with both traditional and new content providers, and this competition has intensified as a result of new digital media technologies and new media providers offering news and other online content. Competition among companies offering online content is intense; new competitors can quickly emerge, and some competitors may have greater resources or better competitive positions than we do.

Our ability to compete effectively depends, among other things, on our ability to continue delivering high-quality journalism and content that is interesting and relevant to our audience; the popularity, ease of use and performance of our products, and our ability to monetize them; our ability to attract, retain and motivate talented journalists and other employees to develop products that users find engaging; and our ability to manage and grow our business in a cost-effective manner.