

TRIBUNE PUBLISHING CO

FORM 8-K (Current report filing)

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Address	435 NORTH MICHIGAN AVENUE CHICAGO, IL 60611
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**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): **May 7, 2015**

TRIBUNE PUBLISHING COMPANY

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-36230

(Commission File Number)

38-3919441

(I.R.S. Employer
Identification Number)

**435 North Michigan Avenue
Chicago, Illinois 60611**

(Address of Principal Executive Offices) (Zip Code)

312-222-9100

(Registrant's Telephone Number, Including Area Code)

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:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 1.01 Entry into a Material Definitive Agreement

Membership Interest Purchase Agreement

On May 7, 2015, Tribune Publishing Company, LLC (the “Acquiror”), a wholly-owned subsidiary of Tribune Publishing Company (the “Company”), entered into a Membership Interest Purchase Agreement (the “Agreement”) with MLIM Holdings, LLC (the “Seller”), the Papa Doug Trust u/a/d January 11, 2010, Douglas F. Manchester and Douglas W. Manchester, and MLIM, LLC (“MLIM”). Through an operating subsidiary, MLIM owns the *U-T San Diego* (f/k/a the *San Diego Union-Tribune*) and nine community weeklies and related digital properties in San Diego County. Upon the terms and subject to the conditions set forth in the Agreement, the Acquiror will acquire all of the Seller’s equity interests in MLIM for a total purchase price of \$85 million, consisting of \$73 million in cash, subject to a working capital adjustment, and \$12 million in common stock of the Company (the “Acquisition”).

The Acquiror expects to finance the cash portion of the purchase price with a combination of cash-on-hand and funds available under the Company’s existing senior asset based revolving credit facility as well as the net proceeds of the Term Loan described below. However, the obligation of the Acquiror under the Agreement to consummate the Acquisition is not conditioned upon the Company’s or the Acquiror’s ability to consummate the Term Loan or any other debt financing.

Prior to the closing of the Acquisition, the Seller or its affiliates will acquire certain assets and liabilities related to the business and the operation of the *U-T San Diego*, including real property used by the business. Following the Acquisition, MLIM or its affiliates will retain certain liabilities, including its existing pension obligations, and MLIM’s operating subsidiary will enter into leases to use the real property that is being retained by the Seller or its affiliates.

Closing of the Acquisition is subject to certain closing conditions. The Agreement also contains representations, warranties, covenants, and indemnities of the parties thereto. Assuming the satisfaction or waiver of the closing conditions, the Acquisition is expected to close in the second quarter of 2015.

The foregoing summary of the Agreement is qualified in its entirety by reference to the text of the Agreement (and exhibits, as applicable), which is expected to be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ending June 28, 2015 or a Current Report on Form 8-K to be filed in connection with the closing of the Acquisition.

Registration Rights Agreement

On the closing of the Acquisition pursuant to the terms of the Agreement, the Company will enter into a Registration Rights Agreement with the Seller (the “Registration Rights Agreement”), whereby the Seller would be entitled to certain registration rights under the Securities Act of 1933, as amended (the “Securities Act”), with respect to the shares of common stock of the Company acquired in connection with the Agreement. Under the Registration Rights Agreement, the Company will grant the Seller shelf and piggyback registration rights relating to the shares of common stock of the Company acquired by the Seller in connection with the Agreement. The Company will pay all of its own costs and expenses, including all fees and expenses of any counsel, relating to the Registration Rights Agreement.

The foregoing summary of the Registration Rights Agreement is qualified in its entirety by reference to the text of the Registration Rights Agreement, which is an exhibit to the Agreement and is expected to be filed as an exhibit to the Company’s Quarterly Report on Form 10-Q for the fiscal quarter ending June 28, 2015 or a Current Report on Form 8-K to be filed in connection with the closing of the Acquisition.

Debt Commitment

Concurrently with the execution of the Agreement, the Company entered into a commitment letter (the "Commitment Letter") with Citigroup Global Markets Inc. ("Citi") which provides that, subject to certain customary terms and conditions, Citi will provide a \$50,000,000 term loan (the "Term Loan"). The Term Loan will be used to finance a portion of the Acquisition and to pay related costs and expenses.

Citi's obligation to provide the Term Loan under the Commitment Letter is subject to a number of customary conditions, including, without limitation, no material adverse effect on the business to be acquired pursuant to the Acquisition, the consummation of the Acquisition in all material respects on the terms set forth in the Agreement, the accuracy of representations and warranties, the delivery of certain financial information, the completion of a specified marketing period, and the execution and delivery by the relevant parties of definitive documentation consistent with the Commitment Letter.

There can be no assurance that the Term Loan will be consummated. The final pricing and other terms applicable to the Term Loan are anticipated to be substantially similar to those of the term loans under the Company's existing senior term loan facility, adjusted to reflect applicable market conditions. The Company's existing senior term loan facility is described in the Company's Current Report on Form 8-K filed on August 7, 2014.

The foregoing summary of the Commitment Letter and the transactions contemplated thereby is qualified in its entirety by reference to the terms thereof if not superseded by definitive documentation, and the complete terms and conditions of the definitive documentation to be negotiated and executed in connection therewith, which is expected to be filed as an exhibit to the Company's first Quarterly Report on Form 10-Q that is due after the definitive documentation is fully executed or a Current Report on Form 8-K to be filed in connection with the closing of the Acquisition.

Item 3.02 Unregistered Sales of Equity Securities

The private placement of \$12 million in common stock of the Company to be issued to the Seller in connection with the closing of the Acquisition will be made in reliance upon exemption from the registration requirements of the Securities Act pursuant to Regulation D and/or Section 4(a)(2) thereof.

The information regarding the Agreement and the Acquisition set forth in Item 1.01 is incorporated herein by reference.

Item 7.01 Regulation FD Disclosure

On May 7, 2015, the Company issued a press release relating to the acquisition of MLIM by the Acquiror. A copy of the press release is furnished as Exhibit 99.1 to this report and incorporated herein by reference.

The Company has prepared supplemental information regarding the Acquisition in a slide presentation that is being made available to investors. The slide presentation is furnished as Exhibit 99.2 to this report and incorporated herein by reference.

Cautionary Statements Regarding Forward-looking Statements

This Current Report on Form 8-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties, including, without limitation, statements regarding the timing and closing of the Acquisition (if at all), payments (including adjustments) and performance relating to the Agreement and the Acquisition, the issuance of common stock of the Company pursuant to the Agreement, the terms of the Company's Term Loan debt financing contemplated by the Commitment Letter, and the Company's ability to consummate any such debt financing contemplated by the Commitment Letter or otherwise. Statements containing words such as "may," "believe," "anticipate," "expect," "intend," "plan," "project," "will," "projections," "continue," "estimate," or similar expressions constitute forward-looking statements. Differences in the Company's actual results or other matters from those described in these forward-looking statements may result from actions taken by the Company or the Acquiror, as well as from risks and uncertainties beyond the Company's control, including those of and relating to the Seller or MLIM and the financial markets. These risks and uncertainties include actions resulting from federal, state, local and other laws and regulations or taken by governing bodies, the ability to obtain the required consents and approvals, and other third-parties. The foregoing list of risks and uncertainties is illustrative, but is not exhaustive. Additional factors that could cause results to differ materially from those anticipated in forward-looking statements can be found under the caption "Risk Factors" in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission on March 25, 2015 and in the Company's other filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated May 7, 2015.
99.2	Investor Slide Presentation.

SIGNATURE

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.

TRIBUNE PUBLISHING COMPANY

Date: May 8, 2015

By: /s/ John H. Griffin, Jr.
John H. Griffin, Jr., Chief Executive Officer and President

Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press Release, dated May 7, 2015.
99.2	Investor Slide Presentation.

**Tribune Publishing Announces Agreement to Acquire *San Diego Union-Tribune*
And Its Portfolio of Nine Community Weeklies and Digital Properties**

*Austin Beutner, Publisher & CEO of the Los Angeles Times Media Group, to Serve
As Publisher & CEO of San Diego Union-Tribune as Part of Expanded "California News Group"*

CHICAGO — May 7, 2015 — Tribune Publishing Company (NYSE:TPUB) today announced it has entered into an agreement to acquire MLIM, LLC, owner of the *San Diego Union-Tribune*, as well as nine community weeklies and related digital properties in San Diego County. The purchase price is \$85 million, which includes \$73 million in cash and \$12 million in Tribune Publishing common stock, plus the assumption of obligations for a single-employer pension plan. Tribune Publishing will not be taking possession of the seller's real-estate assets. The transaction is expected to close in the second quarter of 2015, subject to customary closing conditions.

The *San Diego Union-Tribune* has garnered four Pulitzer Prizes and has a 146-year history of providing daily news and information in San Diego, the second-largest city in California and the eighth largest in the United States. In conjunction with the acquisition and expansion, Tribune Publishing is forming the California News Group to oversee operations in Los Angeles and San Diego.

"The acquisition of *San Diego Union-Tribune* and its related community properties is expected to be accretive to Tribune Publishing and reflects our continuing drive to create value for our shareholders," said Jack Griffin, CEO of Tribune Publishing. "This represents another step forward in our strategy to leverage our publishing infrastructure, resources and management teams."

Introducing the California News Group

When the transaction closes, Austin Beutner will serve as Publisher & CEO of both the *San Diego Union-Tribune* and *Los Angeles Times* and as Publisher & CEO of the newly formed California News Group.

"*San Diego Union-Tribune* will retain editorial independence, providing an authentic voice that reflects the diversity of the state and the distinct values of our communities," Beutner said. "I also know the *Los Angeles Times* will benefit with a closer connection to its older sibling down south."

The newly formed California News Group includes properties throughout Southern California in addition to the flagship *Los Angeles Times* and *San Diego Union-Tribune*.

CALIFORNIA NEWS GROUP

<i>Los Angeles Times Media Group</i>		<i>San Diego Union-Tribune</i>	
Specialty Products <i>Hoy Los Angeles</i> <i>Hoy fin de Semana</i> <i>The Envelope</i>	Community News <i>Burbank Leader</i> <i>Glendale News-Press</i> <i>La Cañada</i> <i>Valley Sun</i> <i>Huntington Beach</i> <i>Independent</i> <i>Daily Pilot</i> <i>Laguna Beach</i> <i>Coastline Pilot</i>	Specialty Products <i>U-T TV</i> <i>Enlace</i> <i>Vida Latina</i> <i>San Diego</i> <i>Night + Day</i> <i>DiscoverSD</i>	Community News <i>Carmel Valley News</i> <i>Del Mar Times</i> <i>Encinitas Advocate</i> <i>La Jolla Light</i> <i>Poway News Chieftain</i> <i>Rancho Bernardo</i> <i>News Journal</i> <i>Rancho Santa Fe</i> <i>Review</i> <i>Solana Beach Sun</i> <i>Ramona Sentinel</i>

The San Diego transaction will be the fourth acquisition completed by Tribune Publishing. Most recently, in October 2014, Tribune Publishing acquired 38 suburban-Chicago daily and weekly titles from Wrappports, LLC and integrated the properties into the Company’s Chicago Tribune Media Group.

Citigroup Global Markets is providing the debt financing commitment for the transaction.

About Tribune Publishing

Tribune Publishing Company (NYSE:TPUB) is a diversified media and marketing-solutions company that delivers innovative experiences for audiences and advertisers across all platforms. The company’s diverse portfolio of iconic news and information brands includes 11 award-winning major daily titles, more than 60 digital properties and more than 180 verticals in markets, including Los Angeles; San Diego; Chicago; South Florida; Orlando; Baltimore; Carroll County and Annapolis, Md.; Hartford, Conn.; Allentown, Pa., and Newport News, Va. Tribune Publishing also offers an array of customized marketing solutions, and operates a number of niche products, including *Hoy*, *El Sentinel* and *VidaLatina*, making Tribune Publishing the country’s largest Spanish-language publisher. Tribune Publishing Company is headquartered in Chicago.

Cautionary Statements Regarding Forward-looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 that involve risks and uncertainties, including, without limitation, statements regarding the expected timing, closing and benefits of the acquisition (including the expectation that the acquisition will be accretive to Tribune Publishing), Tribune Publishing’s strategies, the anticipated leadership changes, and the expected formation of the California News Group. Statements containing words such as “may,” “believe,” “anticipate,” “expect,” “intend,” “plan,” “project,” “will,” “projections,” “continue,” “business outlook,” “estimate,” “outlook,” or similar expressions constitute forward-looking statements. Differences in Tribune Publishing’s actual results from those described in these forward-looking statements may result from actions taken by Tribune Publishing as well as from risks and uncertainties beyond Tribune Publishing’s control. These risks and uncertainties include the satisfaction of closing conditions associated with the acquisition; the timing and closing of the acquisition (if at all); the Company’s ability to realize benefits or synergies from the acquisition and other acquisitions or divestitures or to operate its businesses effectively following acquisitions or divestitures; competition and other economic conditions including fragmentation of the media landscape and competition from other media alternatives; changes in advertising demand, circulation levels and audience shares; the Company’s ability to develop and grow its online businesses; the Company’s reliance on revenue from printing and distributing third-party publications; changes in newsprint prices; macroeconomic trends and conditions; the Company’s reliance on third-party suppliers for various services; the Company’s ability to adapt to technological changes; adverse results from litigation, governmental investigations or tax-related proceedings or audits; the Company’s

ability to attract and retain employees; the Company's ability to satisfy pension and other post-retirement employee benefit obligations; changes in accounting standards; the effect of labor strikes, lockouts and labor negotiations; regulatory and judicial rulings; the Company's ability to satisfy future capital and liquidity requirements; the Company's ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms, and other events beyond the Company's control that may result in unexpected adverse operating results. The Company's actual results could also be impacted by the other risks detailed from time to time in its publicly filed documents, including its Annual Report on Form 10-K for the year ended Dec. 28, 2014 filed with the Securities and Exchange Commission. The Company undertakes no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law.

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Public



tribune
PUBLISHING

Investor Slide Presentation

May 7, 2015

Cautionary Statement Regarding Forward-Looking Statements and Projections

The statements contained in this presentation, as well as the information contained in the notes to our combined financial statements, include certain forward-looking statements that are based largely on our current expectations and reflect various estimates and assumptions by us. These "Risk Factors" are included in the most recent Tribune Publishing Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission. Forward-looking statements are subject to certain risks, trends and uncertainties that could cause actual results and achievements to differ materially from those expressed in such forward-looking statements. Such risks, trends and uncertainties, which in some instances are beyond our control, include:

- accuracy of financial information provided to us by acquisition targets;
- competition and other economic conditions including fragmentation of the media landscape and competition from other media alternatives;
- changes in advertising demand, circulation levels and audience shares;
- our ability to develop and grow our online businesses;
- our reliance on revenue from printing and distributing third-party publications;
- changes in newsprint prices;
- macroeconomic trends and conditions;
- our reliance on third party vendors for various services;
- our ability to adapt to technological changes;
- adverse results from litigation, governmental investigations or tax-related proceedings or audits;
- our ability to realize benefits or synergies from acquisitions or divestitures or to operate our businesses effectively following acquisitions or divestitures;
- our ability to attract and retain employees;
- our ability to satisfy pension and other postretirement employee benefit obligations;
- changes in accounting standards;
- the effect of labor strikes, lock-outs and labor negotiations;
- regulatory and judicial rulings;
- our indebtedness and ability to comply with covenants applicable to our anticipated debt financing;
- our adoption of fresh-start reporting which has caused our combined financial statements for periods subsequent to December 31, 2012 to not be comparable to prior periods;
- our ability to satisfy future capital and liquidity requirements; and
- our ability to access the credit and capital markets at the times and in the amounts needed and on acceptable terms.

The words "believe," "expect," "anticipate," "estimate," "could," "should," "intend," "may," "plan," "seek" and similar expressions generally identify forward-looking statements. Whether or not any such forward-looking statements are in fact achieved will depend on future events, some of which are beyond our control. Readers are cautioned not to place undue reliance on such forward-looking statements, which are being made as of the date of this information statement. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Adjusted EBITDA

Adjusted EBITDA is not a recognized term under GAAP. Adjusted EBITDA is defined as earnings before income taxes, interest income, interest expense, pension expense, equity income and losses, depreciation and amortization, stock-based compensation, certain special items (including severance), non-operating items and reorganization items.

Pro Forma Adjusted EBITDA

The Spin-off of Tribune Publishing from Tribune Company resulted in several changes to the economics of Tribune Publishing. Pro Forma Adjusted EBITDA gives effect to these changes. The changes included: (i) Tribune Publishing paying rent to Tribune Company, (ii) changes to the economics of revenue Tribune Publishing garners from its relationship with Classified Ventures and CareerBuilder and (iii) incremental corporate expense as a result of being a stand-alone company. Pro Forma Adjusted EBITDA will also be referred to as "PF Adj. EBITDA" throughout the presentation.

Use of Non-GAAP Financial Measures

This presentation includes references to Adjusted EBITDA and Pro Forma Adjusted EBITDA. These are not measures presented in accordance with generally accepted accounting principles in the United States (US GAAP) and Tribune Publishing's use of the term Adjusted EBITDA and Pro Forma Adjusted EBITDA may vary from that of others in the Company's industry. Adjusted EBITDA and Pro Forma Adjusted EBITDA should not be considered as an alternative to net income (loss), income from operations, revenues or any other performance measures derived in accordance with US GAAP as measures of operating performance or liquidity. Further information regarding Tribune Publishing's presentation of these measures, including a reconciliation of Adjusted EBITDA and Pro Forma Adjusted EBITDA to the most directly comparable US GAAP financial measure, is included in the Company's Current Report on Form 8-K filed with the SEC on March 4, 2015.

San Diego: Print & Digital

The San Diego **Union-Tribune.**

- Print: Sunday circulation 228K
- Online: Primary site for SDUT at utsandiego.com

U-T COMMUNITY PRESS

9 Weekly community newspaper & Sites

- La Jolla Light
- Rancho Santa Fe Review
- Encinitas Advocate
- Del Mar Times
- Carmel Valley News
- Solana Beach Sun
- Ramona Sentinel
- Poway News Chieftain
- Rancho Bernardo News Journal

Multi-Cultural

enlace.

Spanish language newspaper

Vida Latina

Targets young Hispanic women:
Ent., Telenovelas, Music, Dining, Celebrities

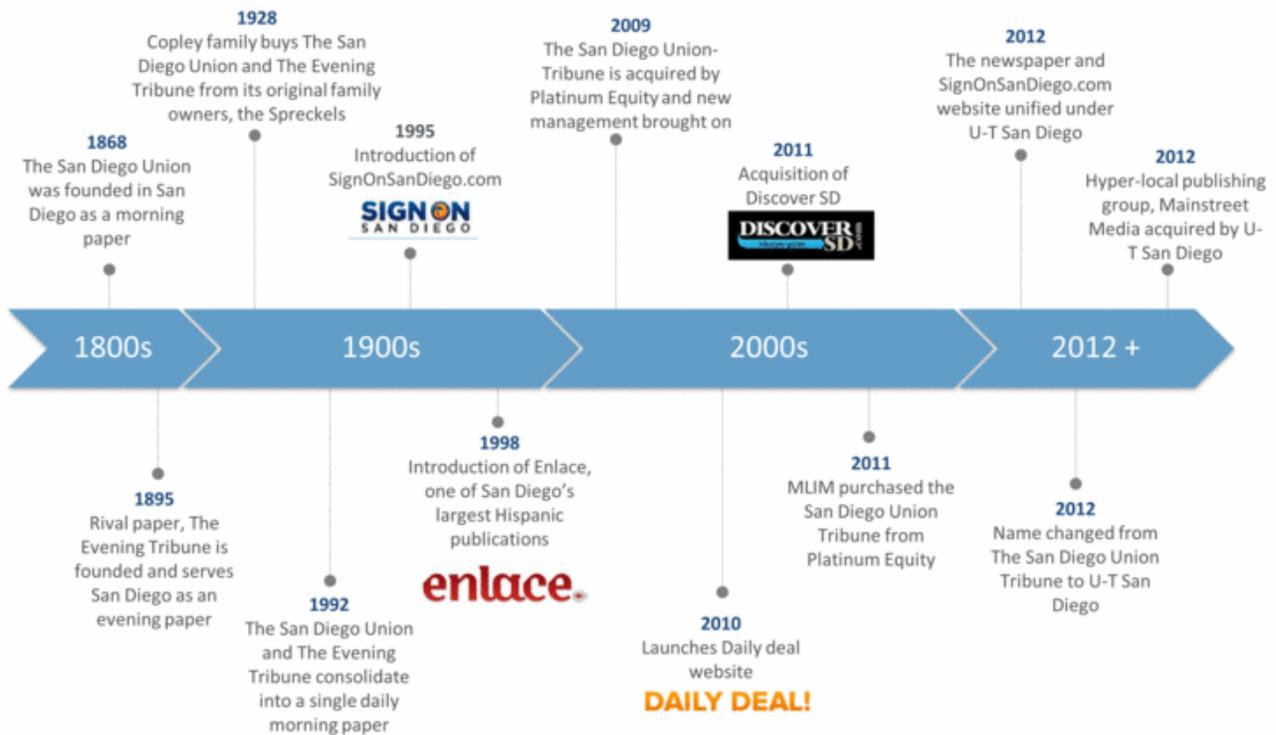
SANDIEGORED.com

Serves the Spanish speaking
community in San Diego - Tijuana

San Diego Lifestyle Guides

NIGHT & DAY







POPULATION

3,220,857

HOUSEHOLDS

1,130,447

MEDIAN AGE

35 YEARS

MEDIAN INCOME

\$60,000

TOTAL RETAIL SPEND

\$38.9 BILLION

LOCAL MEDIA SPEND

\$964 MILLION

DIGITAL MEDIA SPEND

\$320 MILLION

- 8th largest US city
- Median income ranks in the top five amongst major US cities
- Highly educated, with 34% of residents holding a Bachelor's Degree or higher
 - Ranks in top twenty among US cities in terms of residents' education

<u>Effective Purchase Price - Buyer Multiple</u>	<u>\$ in Millions</u>
Cash Consideration to Seller	\$73
TPUB Common Stock to Seller	12
Sub-Total - Purchase Price	\$85
Estimated Future Pension Funding ¹	29
Effective Purchase Price	\$114
SDUT Pro forma Adjusted EBITDA ²	\$36
Effective Purchase Price - Buyer Multiple	3.2

1 – Estimated Future Pension Funding of \$29 million is the total estimated **after-tax** contributions to the SDUT single employer pension plan from 2015 to 2021 assuming a 40% tax rate. The **pre-tax** pension contributions totaling \$49 million is an estimate of future contributions required to fully fund the obligation. The estimate was prepared by a third party actuary and was based on assumptions including discount rate, asset returns, and mortality rates.

2 - SDUT Pro forma Adjusted EBITDA totaling \$36 million includes expected full year synergies plus estimated acquired SDUT Pro forma adjusted EBITDA for 2015. Cost to achieve synergies is estimated at \$7 million in 2015.

Transaction Financials and Sources and Uses Public

Sources based on \$50mm TLB

(\$mm)

Sources	Amount	% of Total
Senior Secured Term Loan	\$50	56.2%
TPUB Common Stock to Seller	12	13.5%
Cash / Senior ABL Facility	27	30.3%
Total Sources	\$89	100.0%

Uses

(\$mm)

Uses	Amount	% of Total
Purchase SDUT	\$85	95.5%
Fees and Expenses	4	4.5%
Total Uses	\$89	100.0%

Pro Forma Capitalization

(\$mm)

	Rate	Maturity Date	Actual 12/31/2014	Adj.	Pro Forma 12/31/2014
Cash			\$37	(\$27)	\$10
Funded Debt					
Senior ABL Facility (\$140mm)	L+ 150bps	Aug 2019	\$0	--	\$0
Senior Secured Term Loan	TBD	Aug 2021	346	50	396
Total Funded Debt			\$346		\$396
Net Funded Debt			\$309		\$386
SDUT Underfunded Pension Obligation ¹			--	111	111
Net Funded Debt plus Underfunded Pension Obligation			\$309		\$497
Pro Forma Adjusted EBITDA			\$160 ²	\$36 ³	\$196 ³
Leverage-Net Funded Debt/Pro Forma Adj. EBITDA			1.9		2.0
Leverage-Net Funded Debt plus Pension /Pro Forma Adj. EBITDA			1.9		2.5

1 - 2014 year end single employer pension obligation determined in accordance with U.S. GAAP.

2 - A reconciliation of Pro Forma Adjusted EBITDA to the most directly comparable US GAAP financial measure is included in the Company's Current Report on Form 8-K filed with the SEC on March 4, 2015.

3 - The acquisition adjustment to Pro Forma Adjusted EBITDA reflects expected full year synergies and estimated EBITDA associated with assets and liabilities acquired. Net cash provided by operating activities will be reduced by implementation costs and estimated minimum pension funding contributions.