

Blue Bird Corporation

(Nasdaq: BLBD)

2015 Fiscal Third Quarter Results

Earnings Conference Call

August 18, 2015

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Agenda

- **Introductions & Forward-Looking Statements**
  - **Jeff Merten – Director, Investor Relations**
- **Business Overview**
  - **Phil Horlock – President & CEO**
- **Financial Results**
  - **Phil Tighe – CFO**
- **Closing and Q&A**



This presentation includes forward-looking statements, including statements regarding full-year guidance and seasonality, that are subject to risks that could cause actual results to be materially different. Those risks include, among others, matters we have noted in our latest earnings release and filings with the SEC. Blue Bird disclaims any obligation to update information in this presentation. Additional information regarding forward-looking statements and the use of non-GAAP financial measures is presented in the Appendix to this presentation.



Phil Horlock
President & CEO

BUSINESS OVERVIEW

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Highlights

- Sold 2,993 buses in 3Q, up 8% from a year ago. Sales for the first nine months were up 6%
  - Total net sales revenue up 9% from 3Q 2014 with Bus net sales up 10%
  - Fourth consecutive year of growth for the first nine months of the year
- Strong 3Q Adjusted EBITDA of $23 million, 8.7% of revenue
  - Impact of added costs to pursue growth opportunities and the incremental costs of operating as a public company resulted in a small decline of about $0.5 million versus the same period last year
- Adjusted EBITDA for the first nine months was $40 million, 6.6% of revenue
  - Down about $7 million compared with same period last year, reflecting lower gross margins in the first half due to mix of business as well as costs to support growth and public company operation
- North American school bus industry continues to track at about 5% growth in fiscal 2015
- Propane-powered bus sales on track to deliver solid double-digit growth for the year
- Unveiled an industry-exclusive Type C gasoline-powered Blue Bird Vision bus last month
  - Lowest acquisition price for a Type C bus and lower maintenance costs
- Reaffirming guidance for net sales of $918-940 million and Adj. EBITDA of $72-75 million[1]
  - Bus orders in hand support substantial growth in 4Q

Solid Third Quarter profits and order book for Fourth Quarter result in reaffirmed Full Year guidance

[1] Consistent with the information provided in our proxy statement filed on January 20, 2015, guidance for Adjusted EBITDA specifically excludes the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public company costs represented $0.6 million for the third quarter and $1.2 million for the first nine months of the fiscal year. These costs are estimated to be at least $2 million for the full-year

Propane – Positive Press & Product Innovations

"Broward County saves over $600,000 with Blue Bird propane-powered buses"

School Transportation News
August 14, 2015

"West Virginia County adds Blue Bird propane-powered school bus to fleet"

WCHS ABC Channel 8
August 3, 2015

"Washingtonville Central School District maintenance costs drop 30%with propane-powered buses"

New York State School Boards Association
April 27, 2015

"DeKalb County adds environmentally-friendly propane school buses"

- *Propane is much cheaper (than diesel), at 89 cents a gallon*
- *The district has 60 buses in its fleet, replacing five of them each year. So, eventually it hopes to have all the buses transitioned over to propane*

News Channel 15 wane.com
August 4, 2015

Propane Product Innovations

New Calibrations Launched Providing Performance Options

BLUE BIRD EconoShift™

BLUE BIRD PowerShift™

Short-Wheelbase Propane-Powered Buses Start Shipping



Propane-powered Vision sales growing at double-digit rate

New Products – Innovation Leadership

New Gasoline-Powered Bus

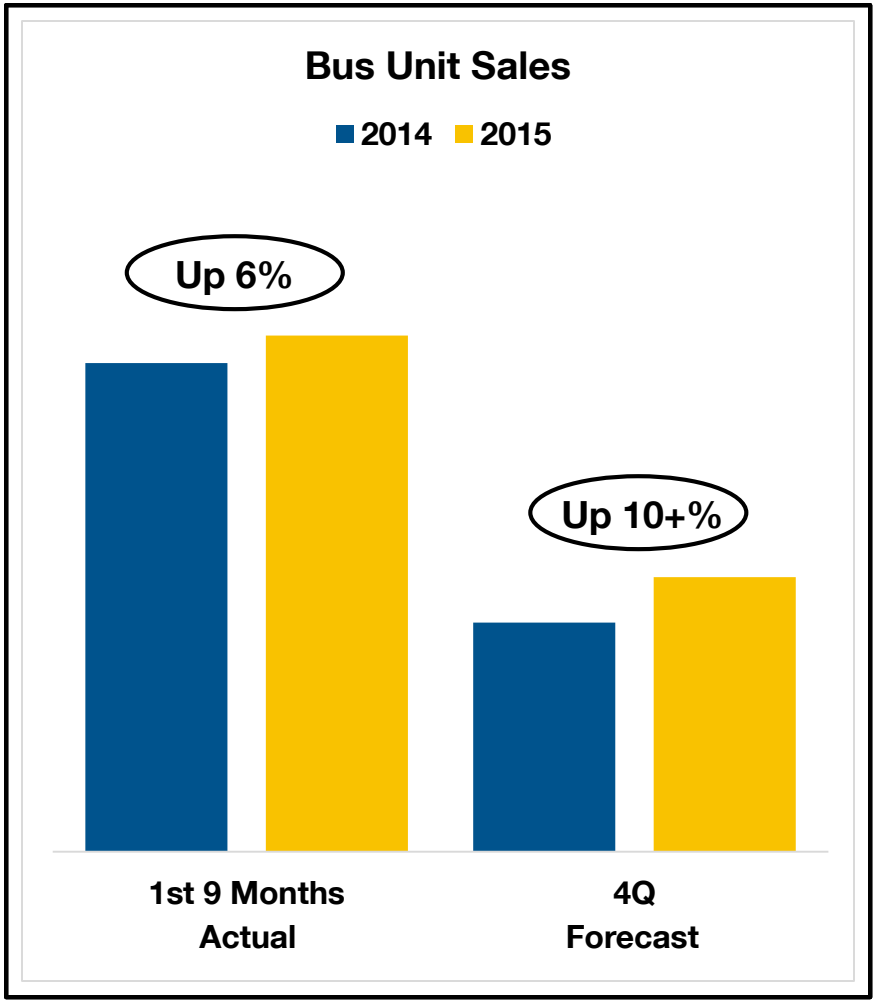


- Blue Bird is the only major manufacturer to offer a Type C gasoline-powered school bus
- Lower acquisition price than other fuel types
- Maintenance and service is simpler for technicians
- Utilizes Ford's modern and highly efficient 6.8L V10 gasoline engine with a 5-year/unlimited mileage warranty
- Blue Bird exclusive offering from Ford and ROUSH CleanTech
- Begins shipping in 2016

Great new choice for customers focused on acquisition price

4Q Outlook Supports Full-Year Guidance

- Strong 4Q bus sales forecast is fully supported by firm orders
- Projected 4Q margins are higher than the first nine months based on units already shipped and orders in hand



Anticipating a strong 4Q



Phil Tighe
CFO

FINANCIAL RESULTS

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Financial Overview

3Q Bus Volume	3Q Net Sales	3Q Adj. EBITDA
2,993 Units	$262.7 Million	$22.9 Million
Up 223 Units	Up $22.3 Million	Down $(0.5) Million

FYTD Bus Volume	FYTD Net Sales	FYTD Adj. EBITDA
6,910 Units	$611.5 Million	$40.5 Million
Up 372 Units	Up $29.5 Million	Down $(7.3) Million

3Q sales and profits were strong

Note: See slides 25 & 26 for additional detail regarding Adjusted EBITDA reconciliations

Sales Overview

3Q Bus Sales

$248.5

Million

Up 10%



3Q Parts Sales

$14.2

Million

Flat

FYTD Bus Sales

$569.7

Million

Up 5%

FYTD Parts Sales

$41.8

Million

Up 7%

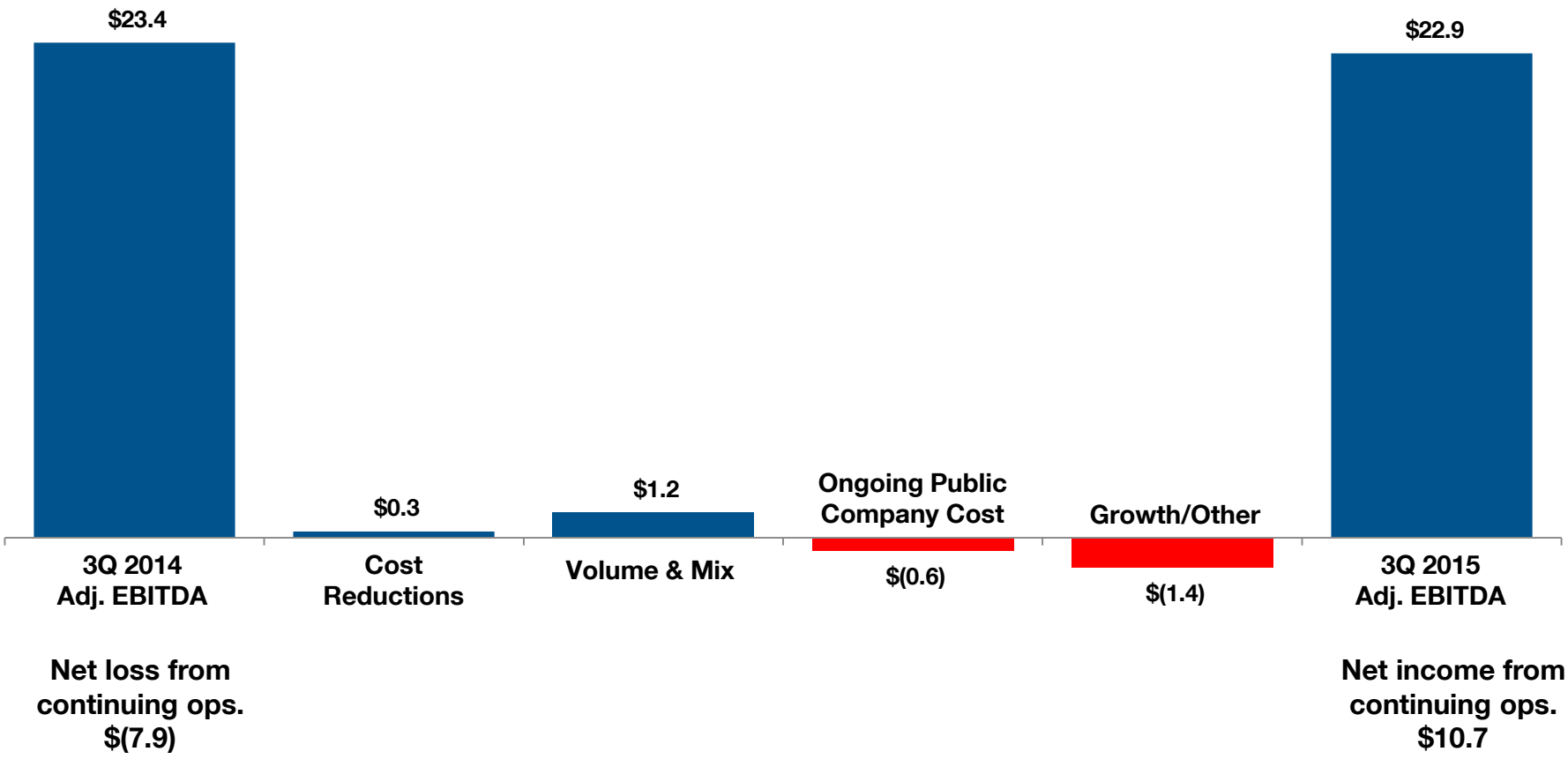
Bus sales up by 10% reflecting strong demand in 3Q

Parts sales flat – equal to high levels achieved last year

Note: Percentages reflect year-over-year performance. Numbers have been rounded

3Q 2014 to 2015 Adj. EBITDA Walk

($ millions)

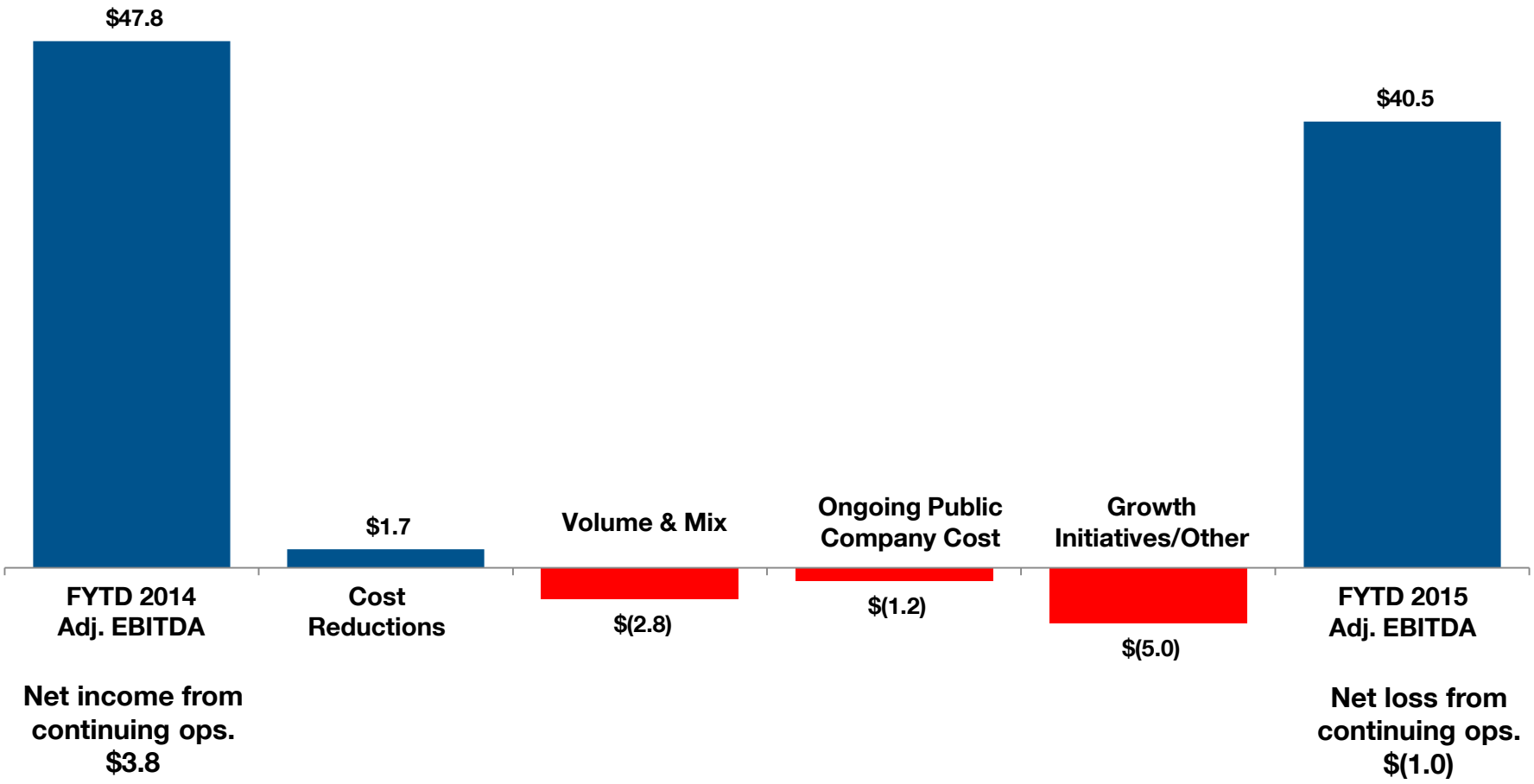


Strong 3Q profits of $23 million, reflecting improved sales and margins while supporting growth initiatives and ongoing public company costs

Note: See slide 25 for additional detail regarding Adjusted EBITDA reconciliations

FYTD 2014 to 2015 Adj. EBITDA Walk

($ millions)



FYTD results are down versus prior year due to growth initiatives, adverse customer mix and ongoing public company costs

Note: See slide 26 for additional detail regarding Adjusted EBITDA reconciliations

Free Cash Flow

($ millions)	Three Months Ended July 4, 2015	Nine Month Ended July 4, 2015
Adjusted EBITDA[1]	$ 22.9	$ 40.5
Cash Paid for Interest (Net)[2]	(4.1)	(16.0)
Trade Working Capital[3]	(15.1)	(23.5)
CAPEX	(1.6)	(3.4)
Cash Taxes	-	(0.4)
Other	6.0	(6.0)
Adjusted Free Cash Flow	$ 8.1	$ (8.8)
Cash Paid for Special Compensation Payment[4]	-	(13.8)
Cash Paid for Business Combination Expenses	-	(12.5)
Free Cash Flow	$ 8.1	$ (35.1)

[1] Reconciliation from net income to Adjusted EBITDA (a non-GAAP measure) is shown on slides 25 and 26 and reconciliation from net cash (used in)/provided by continuing operations to free cash flow is shown on slide 24

[2] Interest expense includes cash payments for four quarters due to required timing of payments

[3] Inventories, accounts receivable and accounts payable. Increase in Trade Working Capital reflects seasonality in the business

[4] Primarily funded by a $13.6 million capital contribution from our majority stockholder at the Business Combination

Business combination and related expenses had a significant impact on Free Cash Flow in the First Half

Net Debt, Leverage & Liquidity

($ millions)	As of July 4, 2015
Cash	$ 27.8
Gross Debt	215.9
Net Debt	$ 188.1
Net Debt / Adj. EBITDA (LTM)	3.2x
Net Leverage Ratio	3.1x
Liquidity[1]	$ 82.7
Memo: Net Leverage Ratio Covenant	4.75x



New Micro Bird T-Series

[1] Liquidity is defined as cash and cash equivalents plus availability on the revolving line of credit

Meeting debt covenant; liquidity strong



Phil Horlock
President & CEO

CLOSING AND Q&A

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Reaffirming Net Sales & Adj. EBITDA Guidance

($ millions)

Guidance	FYTD Actual	4Q Forecast	Full Year Fiscal 2015
Net Sales	$612	$306-328	$918-940
Adjusted EBITDA[1]	$40	$32-35	$72-75
Memo: Forecast Adj. Free Cash Flow[2]	$(9)	$44-49	$35-40

[1] Consistent with the information provided in our proxy statement filed on January 20, 2015, guidance for Adjusted EBITDA specifically excludes the ongoing incremental costs required to operate as a publicly-traded company. These ongoing public company costs represented $0.6 million for the third quarter and $1.2 million for the first nine months of the fiscal year. These costs are estimated to be at least $2.0 million for the full-year

[2] Excludes cash paid for special compensation and other business combination-related expenses

On track to increase Adjusted EBITDA[1] by 7-12% in FY2015

Wrap Up

- Strong 3Q sales and Adjusted EBITDA
- Propane-powered buses continue to grow at double-digit rates as we win new accounts and existing customers buy more
- Innovating with differentiated new products that customers want and value that will drive growth, like the new gasoline-powered Vision
- Our bus production schedule is full for the balance of the year with firm orders and we anticipate a strong 4Q
- Reaffirming fiscal 2015 guidance for net sales and Adjusted EBITDA
- Forecasting strong Adjusted Free Cash Flow for the full year





Q&A

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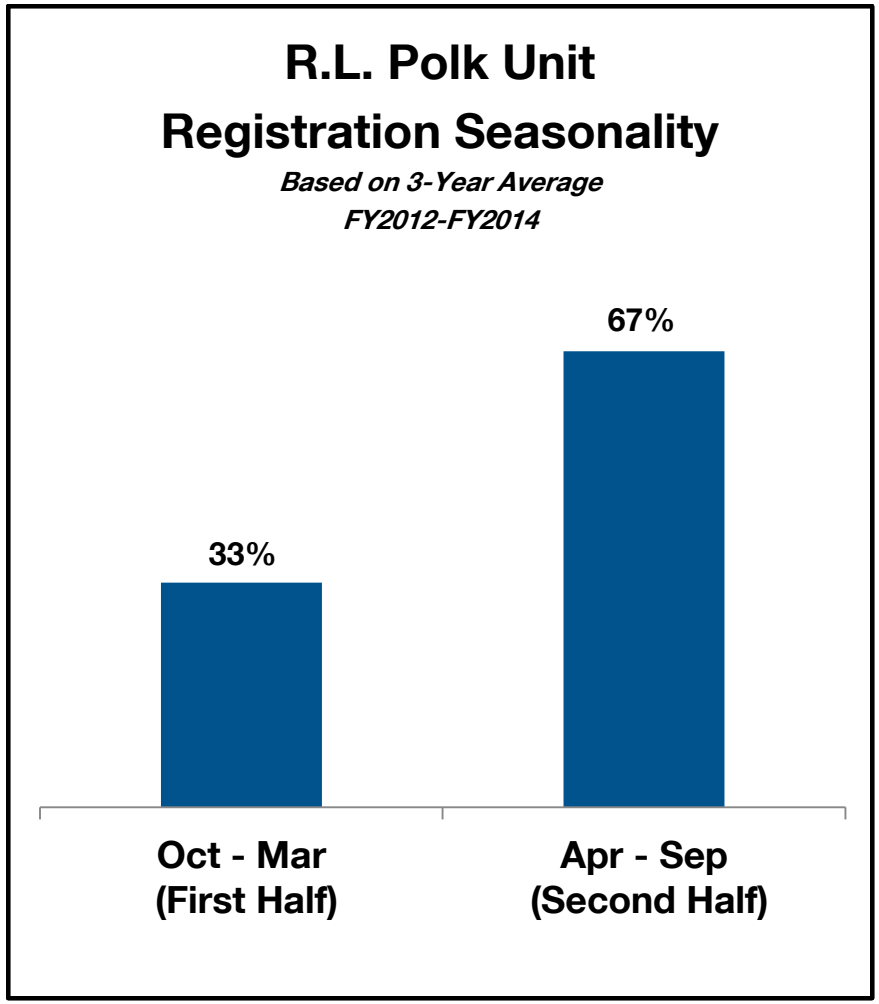


Appendix

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School Bus Business is Highly Seasonal

- Timing of sales influenced by school start
- Company sales influenced by registration pattern
- Customer order timing and mix varies from quarter to quarter each year
- Important to look at the business over the longer term



Two-thirds of annual new school bus registrations in Second Half

Balance Sheet

(in thousands except for share data)	As of July 4, 2015 (unaudited)	As of September 27, 2014 (unaudited)
Assets		
Current assets		
Cash and cash equivalents	$ 27,823	$ 61,137
Accounts receivable, net	33,815	21,215
Inventories	106,520	71,300
Other current assets	4,421	4,353
Deferred tax asset	2,542	6,057
Total current assets	$ 175,121	$ 164,062
Property, plant and equipment, net	27,880	29,949
Goodwill	18,825	18,825
Intangible assets, net	60,844	62,240
Equity investment in affiliate	10,921	9,871
Deferred tax asset	11,005	4,073
Other assets	3,026	2,913
Total assets	$ 307,622	$ 291,933
Liabilities and Stockholder's Deficit		
Current liabilities		
Accounts payable	$ 115,866	$ 94,294
Accrued warranty costs—current portion	6,839	6,594
Accrued expenses	25,021	37,319
Deferred warranty income—current portion	4,546	4,117
Other current liabilities	5,699	5,668
Current portion of senior term debt	11,750	11,750
Total current liabilities	$ 169,721	$ 159,742
Long-term liabilities		
Long-term debt	$ 204,177	$ 211,118
Accrued warranty costs	9,444	8,965
Deferred warranty income	8,648	7,886
Other liabilities	12,828	12,136
Accrued pension liability	36,650	40,881
Total long-term liabilities	$ 271,747	$ 280,986
Guarantees, commitments and contingencies		
Stockholders' deficit		
Series A preferred stock , $.0001 par value, 10,000,000 shares authorized, 500,000 issued at July 4, 2015 and liquidation preference of $50,000	$ 50,000	$ —
Common stock, $0.0001 par value, 100,000,000 shares authorized, 20,787,845 and 22,000,000 issued and outstanding at July 4, 2015 and September 27, 2014, respectively.	2	2
Additional paid-in capital	14,791	—
Accumulated deficit	(153,851)	(102,229)
Accumulated other comprehensive loss	(44,788)	(46,568)
Total stockholders' deficit	$ (133,846)	$ (148,795)
Total liabilities and stockholders' deficit	$ 307,622	$ 291,933

Income Statement

(in thousands except for share data)	Three Months Ended July 4, 2015 (unaudited)	Three Months Ended June 28, 2014 (unaudited)	Nine Months Ended July 4, 2015 (unaudited)	Nine Months Ended June 28, 2014 (unaudited)
Net sales	$ 262,653	$ 240,326	$ 611,504	$ 581,991
Cost of goods sold	225,991	206,564	532,334	501,767
Gross profit	$ 36,662	$ 33,762	$ 79,170	$ 80,224
Operating expenses				
Selling, general and administrative expenses	17,404	38,369	66,813	66,900
Operating profit	$ 19,258	$ (4,607)	$ 12,357	$ 13,324
Interest expense	(4,577)	(711)	(14,473)	(1,235)
Interest income	5	14	39	68
Other income, net	(33)	48	—	69
Income (loss) before income taxes	$ 14,653	$ (5,256)	$ (2,077)	$ 12,226
Income tax (expense) benefit	(4,323)	(2,795)	360	(8,620)
Equity in net income of non-consolidated affiliate, net of tax of $190, $75, $368 and $94, respectively	353	118	681	164
Income (loss) from continued operations	$ 10,683	$ (7,933)	$ (1,036)	$ 3,770
Loss from discontinued operations, net of tax	—	(127)	(4)	(138)
Net (loss) income	$ 10,683	$ (8,060)	$ (1,040)	$ 3,632
Defined benefit pension plan gain, net of tax of $319, $266, $958 and $757, respectively	593	435	1,780	1,346
Comprehensive (loss) income	$ 11,276	$ (7,625)	$ 740	$ 4,978
Net (loss) income (from above)	$ 10,683	$ (8,060)	$ (1,040)	$ 3,632
Preferred stock dividend	$ 1,239	$ —	$ 1,239	$ —
Net income (loss) available to common stockholders	$ 9,444	$ (8,060)	$ (2,279)	$ 3,632
Earnings (loss) per share:				
Basic weighted average shares outstanding	20,712,860	22,000,000	21,306,118	22,000,000
Basic earnings per share (loss per share)	$ 0.46	$ (0.37)	$ (0.11)	$ 0.17
Diluted weighted average shares outstanding	28,081,412	22,000,000	21,306,118	22,000,000
Diluted earnings per share (loss per share)	$ 0.38	$ (0.37)	$ (0.11)	$ 0.17

Consolidated Statement of Cash Flows

(in thousands of dollars)	Nine Months Ended July 4, 2015 (unaudited)	Nine Months Ended June 28, 2014 (unaudited)
Cash flows from operating activities		
Net (loss) income	$ (1,040)	$ 3,632
Loss from discontinued operations, net of tax	4	138
Adjustments to reconcile net (loss) income to net cash (used in)/provided by operating activities:		
Depreciation and amortization	6,646	7,397
Amortization of debt costs	2,283	539
Share-based compensation	526	—
Equity in net income of affiliate	(681)	(164)
Loss (gain) on disposal of fixed assets	495	(2)
Deferred taxes	(4,464)	762
Change in uncertain tax position	—	6,390
Provision for bad debt	134	79
Amortization of deferred actuarial pension losses	2,738	2,103
Changes in assets and liabilities		
Accounts receivable	(12,734)	(10,870)
Inventories	(35,220)	(46,239)
Other assets	(592)	(586)
Accounts payable	24,049	35,751
Accrued expenses, pension and other liabilities	(13,778)	9,221
Total adjustments	$ (30,598)	$ 4,381
Net cash (used in)/provided by continuing operations	$ (31,634)	$ 8,151
Net cash used in discontinued operations	(4)	(115)
Total cash (used in)/provided by operating activities	$ (31,638)	$ 8,036
Cash flows from investing activities		
Change in net investment in discounted leases	$ —	$ 252
Cash paid for fixed assets	(3,427)	(3,264)
Proceeds from sale of assets	—	23
Restricted cash	—	1,206
Total cash used in investing activities	$ (3,427)	$ (1,783)
Cash flows from financing activities		
Net borrowings under the senior credit facility	$ —	$ (128)
Borrowings under the senior term loan	—	235,000
Repayments under the senior term loan	(8,813)	(13,000)
Cash paid for capital leases	(114)	(490)
Cash paid for debt costs	(2,872)	(12,562)
Contribution from majority stockholder	13,550	—
Payment of dividends	—	(225,700)
Change in advances collateralized by discounted leases	—	(251)
Total cash provided by/(used in) financing activities	$ 1,751	$ (17,131)
Change in cash and cash equivalents	(33,314)	(10,878)
Cash and cash equivalents at beginning of period	61,137	46,594
Cash and cash equivalents at end of period	$ 27,823	$ 35,716
Non-cash investing and financing activity		
Dividend declared but unpaid	—	1,121
Capital lease acquisitions	—	167
Change in accounts payable for capital additions to property, plant and equipment	248	252
Common stock dividend on Series A preferred stock (market value of common shares)	1,239	—
Non-cash reverse merger activity		
Issuance of Common Stock	25,000	—
Issuance of Series A Preferred Stock	50,000	—
Shares assumed by legal acquirer	39,959	—
Repurchase of Common Stock from majority stockholder	100,000	—

Free Cash Flow Reconciliation

(in thousands of dollars)	Nine Months Ended July 4, 2015	Nine Months Ended June 28, 2014
Net cash (used in)/provided by continuing operations	$ (31,634)	$ 8,151
Cash paid for fixed assets	(3,427)	(3,264)
Free cash flow	$ (35,061)	$ 4,887

Note: See slide 13 for a reconciliation of free cash flow and Adjusted Free Cash Flow

3Q Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of net income to Adjusted EBITDA for the third quarter of fiscal 2015 and the third quarter of fiscal 2014:

(in thousands of dollars)	Three Months Ended July 4, 2015	Three Months Ended June 28, 2014
Net income (loss)	$ 10,683	$ (8,060)
Loss from discontinued operations, net of tax	—	(127)
Income (loss) from continuing operations	$ 10,683	$ (7,933)
Interest expense	4,577	711
Interest income	(5)	(14)
Income tax expense	4,323	2,795
Depreciation and amortization	2,081	2,417
Special compensation payment	—	24,679
Management incentive compensation	—	625
Tax expense, non-consolidated affiliate	190	75
Business combination expenses	612	78
Share based compensation	471	—
Adjusted EBITDA	$ 22,932	$ 23,433
Adjusted EBITDA margin (percentage of net sales)	8.7%	9.8%

FYTD Adjusted EBITDA Reconciliation

The following table sets forth a reconciliation of net income to Adjusted EBITDA for the nine months ended July 4, 2015 and the nine months ended June 28, 2014:

(in thousands of dollars)	Nine Months Ended July 4, 2015	Nine Months Ended June 28, 2014
Net (loss) income	$ (1,040)	$ 3,632
Loss from discontinued operations, net of tax	(4)	(138)
Income (loss) from continuing operations	$ (1,036)	$ 3,770
Interest expense	14,473	1,235
Interest income	(39)	(68)
Income tax (benefit) expense	(360)	8,620
Depreciation and amortization	6,646	7,397
Special compensation payment *	13,788	24,679
Management incentive compensation	—	1,887
Tax expense, non-consolidated affiliate	368	94
Business combination expenses	5,625	173
Loss on disposal of fixed assets	469	—
Share based compensation	526	—
Adjusted EBITDA	$ 40,460	$ 47,787
Adjusted EBITDA margin (percentage of net sales)	6.6%	8.2%

** The fiscal 2015 payment was primarily funded by a contribution from our majority shareholder in the Business Combination.*

Net Income to Adjusted Net Income

Reconciliation of Net Income to Adjusted Net Income
(Unaudited)

(in thousands of dollars)	Three Months Ended July 4, 2015	Three Months Ended June 28, 2014	Nine Months Ended July 4, 2015	Nine Months Ended June 28, 2014
Net income	$ 10,683	$ (8,060)	$ (1,040)	$ 3,632
Less: Preferred stock dividend	1,239	—	1,239	—
Net income (loss) available to common stockholders	$ 9,444	$ (8,060)	$ (2,279)	$ 3,632
Adjustments net of tax impact				
Special compensation payment	—	$ 16,041	$ 8,962	$ 16,041
Management incentive compensation (a)	—	406	—	1,227
Discontinued operations	—	127	4	138
Business combination	398	51	3,656	112
Loss on disposal of fixed assets	—	—	305	—
Total adjustments	$ 398	$ 16,625	$ 12,927	$ 17,518
Adjusted net income from continuing operations available to common stockholders	$ 9,842	$ 8,565	$ 10,648	$ 21,150
Adjusted net income from continuing operations available to common stockholders - Diluted EPS numerator	$ 11,081	$ 8,565	$ 11,887	$ 21,150

Note: Marginal tax rate of 35%

(a) Represents incentive compensation paid to officers in excess of a related accrual (typically recorded at 100% target level) due to over-performance relative to budget. This adjustment excludes the amount of the accrual above 200% of the target level.

Adjusted Non-GAAP Diluted EPS

Reconciliation of GAAP Diluted EPS to Non-GAAP Diluted EPS
(Unaudited)

	Three Months Ended July 4, 2015	Three Months Ended June 28, 2014	Nine Months Ended July 4, 2015	Nine Months Ended June 28, 2014
GAAP diluted earnings (loss) per share	0.38	$ (0.37)	$ (0.11)	$ 0.17
Add Preferred Stock dividend	*		0.05	
Adjustments net of tax impact				
Special compensation payment	—	0.73	0.37	0.73
Management incentive compensation (a)	—	0.02	—	0.05
Discontinued operations	—	0.01	—	—
Business combination	0.01	—	0.15	0.01
Loss on disposal of fixed assets	—	—	0.01	—
Adjusted non-GAAP diluted earnings per share	$ 0.39	$ 0.39	$ 0.47	$ 0.96
Shares used in computing adjusted diluted earnings per share	28,081,412	22,000,000	24,554,875	22,000,000

*Already included in the diluted earnings per share numerator in this period

(a) Represents incentive compensation paid to officers in excess of a related accrual (typically recorded at 100% target level) due to over-performance relative to budget. This adjustment excludes the amount of the accrual above 200% of the target level.

Important Disclaimers

Forward Looking Statements

This presentation includes forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements relate to expectations for future financial performance, business strategies or expectations for our business. Specifically, forward-looking statements include statements in this press release regarding guidance, seasonality, product mix and gross profits and may include statements relating to:

- **Inherent limitations of internal controls impacting financial statements**
- **Growth opportunities**
- **Future profitability**
- **Ability to expand market share**
- **Customer demand for certain products**
- **Economic conditions that could affect fuel costs, commodity costs, industry size and financial conditions of our dealers and suppliers**
- **Labor or other constraints on the Company's ability to maintain a competitive cost structure**
- **Volatility in the tax base and other funding sources that support the purchase of buses by our end customers**
- **Lower or higher than anticipated market acceptance for our products**
- **Other statements preceded by, followed by or that include the words "estimate," "plan," "project," "forecast," "intend," "expect," "anticipate," "believe," "seek," "target" or similar expressions**

These forward-looking statements are based on information available as of the date of this presentation, and current expectations, forecasts and assumptions, and involve a number of judgments, risks and uncertainties. Accordingly, forward-looking statements should not be relied upon as representing our views as of any subsequent date, and we do not undertake any obligation to update forward-looking statements to reflect events or circumstances after the date they were made, whether as a result of new information, future events or otherwise, except as may be required under applicable securities laws. The factors described above, as well as risk factors described in reports filed with the SEC by Hennessy Capital Acquisition Corp. or Blue Bird Corporation (available at www.sec.gov), could cause our actual results to differ materially from estimates or expectations reflected in such forward-looking statements.

Important Disclaimers

Non-GAAP Financial Measures

Adjusted EBITDA, Adjusted EBITDA margin, adjusted net income from continuing operations and adjusted diluted EPS should not be considered as an alternative to net income (loss) as an indicator of Blue Bird's performance or as an alternative to any other measure prescribed by GAAP. There are limitations to using non-GAAP measures such as Adjusted EBITDA, Adjusted EBITDA margin, adjusted net income from continuing operations and adjusted diluted EPS. Although Blue Bird believes that Adjusted EBITDA, Adjusted EBITDA margin, adjusted net income from continuing operations and adjusted diluted EPS may enhance an evaluation of Blue Bird's operating performance based on recent revenue generation and product/overhead cost control because they exclude the impact of prior decisions made about investment and financing, (i) other companies in Blue Bird's industry may define Adjusted EBITDA, Adjusted EBITDA margin, adjusted net income from continuing operations and adjusted diluted EPS differently than Blue Bird does and, as a result, they may not be comparable to similarly titled measures used by other companies in Blue Bird's industry and (ii) Adjusted EBITDA, Adjusted EBITDA margin, adjusted net income from continuing operations and adjusted diluted EPS may exclude certain financial information that some may consider important in evaluating Blue Bird's performance.

Free cash flow and adjusted free cash flow are used in addition to and in conjunction with results presented in accordance with GAAP. Such non-GAAP measures should not be relied upon to the exclusion of GAAP financial measures. Free cash flow and Adjusted Free Cash Flow represent an additional way of viewing our liquidity that, when viewed with our GAAP results, provides a more complete understanding of factors and trends affecting our cash flows. Free cash flow is defined as net cash provided in continuing operation less cash paid for fixed assets. Adjusted Free Cash Flow excludes special compensation and other business combination expenses. We use free cash flow, and ratios based on that measure, to conduct and evaluate our business because, although it is similar to cash flow from operations, we believe it is a more conservative measure of cash flows since purchases of fixed assets are a necessary component of ongoing operations. In limited circumstances in which proceeds from sales of fixed assets exceed purchases, free cash flow would exceed cash flow from operations. However, since we do not anticipate being a net seller of fixed assets, we expect free cash flow to be less than operating cash flows.



END

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