

Houghton Mifflin Harcourt Co
Form 8-K/A
April 18, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 8-K/A
(Amendment No. 1)
CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): April 12, 2017

HOUGHTON MIFFLIN HARCOURT COMPANY
(Exact name of registrant as specified in its charter)
Delaware 001-36166 27-1566372
(State or other jurisdiction (Commission File No.) (IRS Employer
of incorporation) Identification No.)

125 High Street
Boston, MA 02110
(Address of principal executive offices) (Zip Code)

(617) 351-5000
(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))

This Form 8-K/A (this "Amendment") amends and updates the disclosure made in the Current Report on Form 8-K filed by Houghton Mifflin Harcourt Company (the "Company," "we," "us" and "our") with the Securities and Exchange Commission on March 16, 2017 (the "Original Report").

Item 2.05. Costs Associated with Exit or Disposal Activities.

The Original Report disclosed that: (a) working with a third party consultant, we had reviewed our operating model and organizational design in order to improve the Company's operational efficiency, better focus on the needs of our customers and right-size our cost structure to further support growth initiatives, enhance competitiveness and create long-term shareholder value; (b) we had informed our employees of certain operational efficiency and cost-reduction actions we planned to take in order to accomplish these objectives (the "Plan"), including with respect to making organizational design changes across layers of the Company below the executive team and other right-sizing initiatives expected to result in reductions in force, consolidating and/or subletting certain office space under certain real estate leases, and other potential operational efficiency and cost-reduction initiatives; and (c) the Company expects to substantially complete the organizational design change actions by the end of May 2017 and to substantially complete the remaining planned actions by the end of 2018.

At the time of filing the Original Report, the Company disclosed that it was unable to estimate the non-cash/cash amounts we expect to incur/expend in connection with the actions under the Plan, including with respect to each major type of cost associated with such activities.

While the Company continues to evaluate operational efficiency and cost-reduction opportunities, we currently estimate annualized cost savings of approximately \$70 million to \$80 million exiting 2018 as a result of the planned actions.

The Company currently estimates that implementation of the planned actions will result in total charges of approximately \$41 million to \$45 million, of which approximately \$32 million to \$36 million is expected to result in future cash expenditures. With respect to each major type of cost associated with such activities, the Company now estimates: (a) charges of approximately \$14 million to \$16 million in connection with organizational design related activities, primarily for severance and other termination benefit costs; (b) charges of approximately \$12 million to \$13 million in connection with office space related activities for space consolidation of non-cancelable leases not offset by subletting activities; and (c) charges of approximately \$15 million to \$16 million of other costs directly related to the Plan, for Plan design, implementation and management activities as well as a potential long-lived asset impairment charge. The planned organizational design related activities are expected to result in a total reduction of the Company's workforce by approximately 8% to 10% across its various locations.

The foregoing disclosure does not alter the qualitative commentary we provided on our first quarter earnings call regarding our full year 2017 free cash flow and adjusted EBITDA margin expectations.

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

The statements contained herein include forward-looking statements, which involve risks and uncertainties. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes,” “estimates,” “projects,” “anticipates,” “expects,” “could,” “intends,” “may,” “will,” “should,” “forecast,” “intend,” “plan,” “po” “target” or, in each case, their negative, or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They include statements regarding our intentions, beliefs or current expectations concerning, among other things, our proposed operational efficiency and cost-reduction objectives; actions to accomplish such objectives; expected timing of such actions; estimated savings and amounts expected to be incurred/expended in connection therewith; and the impact of such actions. We derive many of our forward-looking statements from our operating budgets and forecasts, which are based upon many detailed assumptions. While we believe that our assumptions are reasonable, we caution that it is very difficult to predict the impact of known factors, and, of course, it is impossible for us to anticipate all factors that could affect our actual results. All forward-looking statements are based upon information available to us on the date hereof.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. We caution you that forward-looking statements are not guarantees of future performance and that our actual results may differ materially from those made in or suggested by the forward-looking statements contained herein. In addition, even if our results are consistent with the forward-looking statements contained herein, those results or developments may not be indicative of results or developments in subsequent periods.

Important factors that could cause our results to vary from expectations include, but are not limited to: changes in state and local education funding and/or related programs, legislation and procurement processes; industry cycles and trends; the rate and state of technological change; changes in product distribution channels and concentration of retailer power; changes in our competitive environment; periods of operating and net losses; our ability to enforce our intellectual property and proprietary rights; risks based on information technology systems; dependence on a small number of print and paper vendors; third-party software and technology development; our ability to identify, complete, or achieve the expected benefits of, acquisitions; increases in our operating costs; exposure to litigation; major disasters or other external threats; contingent liabilities; risks related to our indebtedness; future impairment charges; changes in school district payment practices; a potential increase in the portion of our sales coming from digital sales; risks related to doing business abroad; management changes; and the commitments and decisions of the new President and Chief Executive Officer; and other factors discussed in the “Risk Factors” section of our Annual Report on Form 10-K for the year ended December 31, 2016 (and our subsequent filings pursuant to the Securities Exchange Act of 1934, as amended). In light of these risks, uncertainties and assumptions, the forward-looking events described herein may not occur.

We undertake no obligation, and do not expect, to publicly update or publicly revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as required by law. All subsequent written and oral forward-looking statements attributable to us or to persons acting on our behalf are expressly qualified in their entirety by the cautionary statements contained herein.

SIGNATURES

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.

HOUGHTON MIFFLIN HARCOURT COMPANY

By: /s/ William F. Bayers

Name: William F. Bayers

Title: Executive Vice President, Secretary and General Counsel

Dated: April 18, 2017