TENET HEALTHCARE CORP
Form 10-Q
November 03, 2014
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

Form 10-Q

Quarterly report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the quarterly period ended September 30, 2014

OR

Transition report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the transition period from to

Commission File Number 1-7293

TENET HEALTHCARE CORPORATION

(Exact name of Registrant as specified in its charter)

Nevada	95-2557091
(State of Incorporation)	(IRS Employer Identification No.)

1445 Ross Avenue, Suite 1400
Dallas, TX 75202

(Address of principal executive offices, including zip code)

(469) 893-2200

(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the Registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months. Yes No

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company (as defined in Exchange Act Rule 12b-2).

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

Indicate by check mark whether the Registrant is a shell company (as defined in Exchange Act Rule 12b-2). Yes No

As of October 31, 2014, there were 98,280,152 shares of the Registrant's common stock, $0.05 par value, outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

TENET HEALTHCARE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

Dollars in Millions

(Unaudited)

	September 30, 2014	December 31, 2013
ASSETS		
Current assets:		
Cash and cash equivalents	$ 200	$ 113
Accounts receivable, less allowance for doubtful accounts ($773 at September 30, 2014 and $589 at December 31, 2013)	2,238	1,890
Inventories of supplies, at cost	270	260
Income tax receivable	22	—
Current portion of deferred income taxes	725	692
Other current assets	746	737
Total current assets	4,201	3,692
Investments and other assets	366	357
Deferred income taxes, net of current portion	100	148
Property and equipment, at cost, less accumulated depreciation and amortization ($4,347 at September 30, 2014 and $3,907 at December 31, 2013)	7,749	7,582
Goodwill	3,705	3,566
Other intangible assets, at cost, less accumulated amortization ($623 at September 30, 2014 and $516 at December 31, 2013)	1,191	1,105
Total assets	$ 17,312	$ 16,450
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 98	$ 153
Accounts payable	1,068	1,085
Accrued compensation and benefits	735	622
Professional and general liability reserves	175	156
Accrued interest payable	265	198

Other current liabilities	804	879
Total current liabilities	3,145	3,093
Long-term debt, net of current portion	11,455	10,696
Professional and general liability reserves	525	555
Defined benefit plan obligations	381	398
Other long-term liabilities	544	490
Total liabilities	16,050	15,232
Commitments and contingencies		
Redeemable noncontrolling interests in equity of consolidated subsidiaries	396	340
Equity:		
Shareholders’ equity:		
Common stock, $0.05 par value; authorized 262,500,000 shares; 145,421,213 shares issued at September 30, 2014 and 144,057,351 shares issued at December 31, 2013	7	7
Additional paid-in capital	4,597	4,572
Accumulated other comprehensive loss	(20)	(24)
Accumulated deficit	(1,471)	(1,422)
Common stock in treasury, at cost, 47,196,935 shares at September 30, 2014 and 47,197,722 shares at December 31, 2013	(2,378)	(2,378)
Total shareholders’ equity	735	755
Noncontrolling interests	131	123
Total equity	866	878
Total liabilities and equity	$ 17,312	$ 16,450

See accompanying Notes to Condensed Consolidated Financial Statements.

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TENET HEALTHCARE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

Dollars in Millions, Except Per-Share Amounts

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net operating revenues:				
Net operating revenues before provision for doubtful accounts	$ 4,428	$ 2,618	$ 13,096	$ 7,841
Less: Provision for doubtful accounts	249	210	949	624
Net operating revenues	4,179	2,408	12,147	7,217
Operating expenses:				
Salaries, wages and benefits	2,028	1,172	5,905	3,499
Supplies	665	387	1,942	1,158
Other operating expenses, net	1,032	575	3,066	1,710
Electronic health record incentives	(5)	(14)	(72)	(48)
Depreciation and amortization	207	119	609	354
Impairment and restructuring charges, and acquisition-related costs	37	20	90	45
Litigation and investigation costs	4	1	19	3
Operating income	211	148	588	496
Interest expense	(186)	(91)	(558)	(292)
Loss from early extinguishment of debt	(24)	—	(24)	(348)
Investment earnings	—	—	—	1
Net income (loss) from continuing operations, before income taxes	1	57	6	(143)
Income tax benefit (expense)	18	(16)	11	57
Net income (loss) from continuing operations, before discontinued operations	19	41	17	(86)
Discontinued operations:				
Loss from operations	(2)	(8)	(17)	(5)
Litigation and investigation costs	—	(2)	(18)	(2)
Income tax benefit	1	5	13	3
Net loss from discontinued operations	(1)	(5)	(22)	(4)
Net income (loss)	18	36	(5)	(90)
Less: Net income attributable to noncontrolling interests	9	8	44	20
Net income (loss) attributable to Tenet Healthcare Corporation common shareholders	$ 9	$ 28	$ (49)	$ (110)

Amounts attributable to Tenet Healthcare Corporation common shareholders				
Net income (loss) from continuing operations, net of tax	$ 10	$ 33	$ (27)	$ (106)
Net loss from discontinued operations, net of tax	(1)	(5)	(22)	(4)
Net income (loss) attributable to Tenet Healthcare Corporation common shareholders	$ 9	$ 28	$ (49)	$ (110)
Earnings (loss) per share attributable to Tenet Healthcare Corporation common shareholders:				
Basic				
Continuing operations	$ 0.10	$ 0.33	$ (0.27)	$ (1.03)
Discontinued operations	(0.01)	(0.05)	(0.23)	(0.04)
	$ 0.09	$ 0.28	$ (0.50)	$ (1.07)
Diluted				
Continuing operations	$ 0.10	$ 0.32	$ (0.27)	$ (1.03)
Discontinued operations	(0.01)	(0.05)	(0.23)	(0.04)
	$ 0.09	$ 0.27	$ (0.50)	$ (1.07)
Weighted average shares and dilutive securities outstanding (in thousands):				
Basic	98,036	100,894	97,625	102,669
Diluted	100,926	103,098	97,625	102,669

See accompanying Notes to Condensed Consolidated Financial Statements.

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TENET HEALTHCARE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME

Dollars in Millions

(Unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net income (loss)	$ 18	$ 36	$ (5)	$ (90)
Other comprehensive income:				
Amortization of prior-year service costs included in net periodic benefit costs	1	—	4	—
Unrealized gains (losses) on securities held as available-for-sale	(1)	—	2	—
Other comprehensive income before income taxes	—	—	6	—
Income tax expense related to items of other comprehensive income	—	—	(2)	—
Total other comprehensive income, net of tax	—	—	4	—
Comprehensive net income (loss)	18	36	(1)	(90)
Less: Comprehensive income attributable to noncontrolling interests	9	8	44	20
Comprehensive net income (loss) attributable to Tenet Healthcare Corporation common shareholders	$ 9	$ 28	$ (45)	$ (110)

See accompanying Notes to Condensed Consolidated Financial Statements.

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TENET HEALTHCARE CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

Dollars in Millions

(Unaudited)

	Nine Months Ended September 30,	
	2014	2013
Net loss	$ (5)	$ (90)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	609	354
Provision for doubtful accounts	949	624
Deferred income tax benefit	(22)	(60)
Stock-based compensation expense	41	26
Impairment and restructuring charges, and acquisition-related costs	90	45
Litigation and investigation costs	19	3
Loss from early extinguishment of debt	24	348
Amortization of debt discount and debt issuance costs	21	12
Pre-tax loss from discontinued operations	35	7
Other items, net	(16)	(19)
Changes in cash from operating assets and liabilities:		
Accounts receivable	(1,309)	(662)
Inventories and other current assets	12	(159)
Income taxes	(7)	(5)
Accounts payable, accrued expenses and other current liabilities	120	(44)
Other long-term liabilities	38	(5)
Payments for restructuring charges, acquisition-related costs, and litigation costs and settlements	(115)	(36)
Net cash used in operating activities from discontinued operations, excluding income taxes	(16)	(5)
Net cash provided by operating activities	468	334
Cash flows from investing activities:		
Purchases of property and equipment — continuing operations	(734)	(398)
Purchases of businesses or joint venture interests, net of cash acquired	(185)	(142)
Proceeds from sales of facilities and other assets — discontinued operations	4	11
Proceeds from sales of marketable securities, long-term investments and other assets	2	6
Other long-term assets	(4)	11
Other items, net	3	3
Net cash used in investing activities	(914)	(509)
Cash flows from financing activities:		
Repayments of borrowings under credit facility	(1,965)	(1,001)
Proceeds from borrowings under credit facility	1,560	1,211

Repayments of other borrowings	(655)	(1,987)
Proceeds from other borrowings	1,608	1,907
Repurchases of common stock	—	(300)
Deferred debt issuance costs	(26)	(31)
Distributions paid to noncontrolling interests	(30)	(18)
Contributions from noncontrolling interests	15	98
Proceeds from exercise of stock options	23	22
Other items, net	3	(8)
Net cash provided by (used in) financing activities	533	(107)
Net increase (decrease) in cash and cash equivalents	87	(282)
Cash and cash equivalents at beginning of period	113	364
Cash and cash equivalents at end of period	$ 200	$ 82
Supplemental disclosures:		
Interest paid, net of capitalized interest	$ (487)	$ (295)
Income tax payments, net	$ (5)	$ (5)

See accompanying Notes to Condensed Consolidated Financial Statements.

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TENET HEALTHCARE CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. BASIS OF PRESENTATION

Description of Business and Basis of Presentation

Tenet Healthcare Corporation (together with our subsidiaries, referred to herein as "Tenet," "we" or "us") is a national, diversified healthcare services company. As of September 30, 2014, we operated 80 hospitals, 198 outpatient centers, six health plans and Conifer Health Solutions, LLC ("Conifer"), which provides healthcare business process services in the areas of revenue cycle management, value-based care and patient communications.

Effective October 1, 2013, we acquired the common stock of Vanguard Health Systems, Inc. ("Vanguard") for $21 per share in an all cash transaction. Vanguard owned and operated 28 hospitals (plus one more under construction, which was recently completed), 39 outpatient centers and five health plans with approximately 140,000 members, serving communities in Arizona, California, Illinois, Massachusetts, Michigan and Texas. We paid approximately $4.3 billion to acquire Vanguard, including the assumption of $2.5 billion of Vanguard's net debt.

This quarterly report supplements our Annual Report on Form 10-K for the year ended December 31, 2013 ("Annual Report"). As permitted by the Securities and Exchange Commission for interim reporting, we have omitted certain notes and disclosures that substantially duplicate those in our Annual Report. For further information, refer to the audited Consolidated Financial Statements and notes included in our Annual Report. Unless otherwise indicated, all financial and statistical data included in these notes to our Condensed Consolidated Financial Statements relate to our continuing operations, with dollar amounts expressed in millions (except per-share amounts). The accompanying Condensed Consolidated Balance Sheet as of December 31, 2013 was derived from the audited consolidated financial statements included in our Annual Report, but has been revised to reflect the impact of completing the purchase price allocation for the acquisition of Vanguard, as described in Note 14. Additionally, certain prior-year amounts have been adjusted to conform to the current-year presentation, including $73 million of Medicaid supplemental payments receivable that are now presented as other current assets rather than accounts receivable.

Although the Condensed Consolidated Financial Statements and related notes within this document are unaudited, we believe all adjustments considered necessary for a fair presentation have been included and are of a normal recurring nature. In preparing our financial statements in conformity with accounting principles generally accepted in the United States of America ("GAAP"), we must use estimates and assumptions that affect the amounts reported in our Condensed Consolidated Financial Statements and these accompanying notes. We regularly evaluate the accounting policies and estimates we use. In general, we base the estimates on historical experience and on assumptions that we believe to be reasonable given the particular circumstances in which we operate. Actual results may vary from those estimates. Financial and statistical information we report to other regulatory agencies may be prepared on a basis other than GAAP or using different assumptions or reporting periods and, therefore, may vary from amounts presented herein. Although we make every effort to ensure that the information we report to those agencies is accurate, complete and consistent with applicable reporting guidelines, we cannot be responsible for the accuracy of the information they make available to the public.

Operating results for the three and nine months ended September 30, 2014 are not necessarily indicative of the results that may be expected for the full year. Reasons for this include, but are not limited to: overall revenue and cost trends, particularly the timing and magnitude of price changes; fluctuations in contractual allowances and cost report settlements and valuation allowances; managed care contract negotiations, settlements or terminations and payer consolidations; changes in Medicare and Medicaid regulations; Medicaid and other supplemental funding levels set by the states in which we operate; the timing of approval by the Centers for Medicare and Medicaid Services of Medicaid provider fee revenue programs; trends in patient accounts receivable collectability and associated provisions for doubtful accounts; fluctuations in interest rates; levels of malpractice insurance expense and settlement trends; the number of covered lives managed by our health plans and the plans' ability to effectively manage medical costs; the timing of when we meet the criteria to recognize electronic health record incentives; impairment of long-lived assets and goodwill; restructuring charges; losses, costs and insurance recoveries related to natural disasters; litigation and investigation costs; acquisitions and dispositions of facilities and other assets; income tax rates and deferred tax asset valuation allowance activity; changes in estimates of accruals for annual incentive compensation; the timing and amounts of stock option and

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restricted stock unit grants to employees and directors; gains or losses from early extinguishment of debt; and changes in occupancy levels and patient volumes. Factors that affect patient volumes and, thereby, the results of operations at our hospitals and related healthcare facilities include, but are not limited to: the business environment, economic conditions and demographics of local communities in which we operate; the number of uninsured and underinsured individuals in local communities treated at our hospitals; seasonal cycles of illness; climate and weather conditions; physician recruitment, retention and attrition; advances in technology and treatments that reduce length of stay; local healthcare competitors; managed care contract negotiations or terminations; any unfavorable publicity about us, which impacts our relationships with physicians and patients; changes in healthcare regulations and the participation of individual states in federal programs; and the timing of elective procedures. These considerations apply to year-to-year comparisons as well.

Net Operating Revenues Before Provision for Doubtful Accounts

We recognize net operating revenues before provision for doubtful accounts in the period in which our services are performed. Net operating revenues before provision for doubtful accounts primarily consist of net patient service revenues that are recorded based on established billing rates (i.e., gross charges), less estimated discounts for contractual and other allowances, principally for patients covered by Medicare, Medicaid, managed care and other health plans, as well as certain uninsured patients under our Compact with Uninsured Patients (“Compact”) and other uninsured discount and charity programs.

The table below shows the sources of net operating revenues before provision for doubtful accounts:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
General Hospitals:				
Medicare	$ 838	$ 501	$ 2,560	$ 1,543
Medicaid	340	206	1,012	630
Managed care	2,369	1,378	6,787	4,126
Indemnity, self-pay and other	357	262	1,172	783
Acute care hospitals — other revenue	8	14	45	53
Other:				
Other operations	516	257	1,520	706
Net operating revenues before provision for doubtful accounts	$ 4,428	$ 2,618	$ 13,096	$ 7,841

Cash and Cash Equivalents

We treat highly liquid investments with original maturities of three months or less as cash equivalents. Cash and cash equivalents were approximately $200 million and $113 million at September 30, 2014 and December 31, 2013, respectively. As of September 30, 2014 and December 31, 2013, our book overdrafts were approximately $194 million and $245 million, respectively, which were classified as accounts payable.

At September 30, 2014 and December 31, 2013, approximately $98 million and $62 million, respectively, of total cash and cash equivalents in the accompanying Condensed Consolidated Balance Sheets were intended for the operations of our captive insurance subsidiaries.

Also at September 30, 2014 and December 31, 2013, we had $113 million and $193 million, respectively, of property and equipment purchases accrued for items received but not yet paid. Of these amounts, $62 million and $138 million, respectively, were included in accounts payable.

During the nine months ended September 30, 2014 and 2013, we entered into non-cancellable capital leases of approximately $112 million and $99 million, respectively, primarily for buildings and equipment.

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Other Intangible Assets

The following tables provide information regarding other intangible assets, which are included in the accompanying Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013:

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of September 30, 2014:			
Capitalized software costs	$ 1,326	$ (552)	$ 774
Long-term debt issuance costs	245	(42)	203
Trade names	106	—	106
Contracts	57	(5)	52
Other	80	(24)	56
Total	$ 1,814	$ (623)	$ 1,191

	Gross Carrying Amount	Accumulated Amortization	Net Book Value
As of December 31, 2013:			
Capitalized software costs	$ 1,148	$ (468)	$ 680
Long-term debt issuance costs	230	(31)	199
Trade names	106	—	106
Contracts	57	(2)	55
Other	80	(15)	65
Total	$ 1,621	$ (516)	$ 1,105

Estimated future amortization of intangibles with finite useful lives as of September 30, 2014 is as follows:

		Years Ending December 31,					
	Total	2014	2015	2016	2017	2018	Later Years
Amortization of intangible assets	$ 1,077	$ 54	$ 190	$ 163	$ 134	$ 130	$ 406

NOTE 2. ACCOUNTS RECEIVABLE AND ALLOWANCE FOR DOUBTFUL ACCOUNTS

The principal components of accounts receivable are shown in the table below:

	September 30, 2014	December 31, 2013
Continuing operations:		
Patient accounts receivable	$ 2,978	$ 2,459
Allowance for doubtful accounts	(772)	(589)
Estimated future recoveries from accounts assigned to our Conifer subsidiary	122	92
Net cost reports and settlements payable and valuation allowances	(92)	(75)
	2,236	1,887
Discontinued operations	2	3
Accounts receivable, net	$ 2,238	$ 1,890

As of September 30, 2014 and December 31, 2013, our allowance for doubtful accounts was 25.9% and 24.0%, respectively, of our patient accounts receivable. Accounts that are pursued for collection through Conifer's regional business offices are maintained on our hospitals' books and reflected in patient accounts receivable with an allowance for doubtful accounts established to reduce the carrying value of such receivables to their estimated net realizable value. Generally, we estimate this allowance based on the aging of our accounts receivable by hospital, our historical collection experience by hospital and for each type of payer, and other relevant factors. As of September 30, 2014 and December 31, 2013, our allowance for doubtful accounts for self-pay was 79.5% and 75.9%, respectively, of our self-pay

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patient accounts receivable, including co-pays and deductibles owed by patients with insurance. As of September 30, 2014 and December 31, 2013, our allowance for doubtful accounts for managed care was 6.2% and 5.9%, respectively, of our managed care patient accounts receivable.

The estimated costs (based on selected operating expenses, which include salaries, wages and benefits, supplies and other operating expenses) of caring for our self-pay patients for the three months ended September 30, 2014 and 2013 were approximately $135 million and $116 million, respectively, and for the nine months ended September 30, 2014 and 2013 were approximately $488 million and $342 million, respectively. Our estimated costs (based on the selected operating expenses described above) of caring for charity care patients for the three months ended September 30, 2014 and 2013 were approximately $42 million and $32 million, respectively, and for the nine months ended September 30, 2014 and 2013 were approximately $137 million and $95 million, respectively. Most states include an estimate of the cost of charity care in the determination of a hospital's eligibility for Medicaid disproportionate share hospital ("DSH") payments. Revenues attributable to DSH payments and other state-funded subsidy payments for the three months ended September 30, 2014 and 2013 were approximately $178 million and $72 million, respectively, and for the nine months ended September 30, 2014 and 2013 were approximately $493 million and $257 million, respectively. These payments are intended to mitigate our cost of uncompensated care, as well as reduced Medicaid funding levels.

NOTE 3. DISCONTINUED OPERATIONS

Net operating revenues and loss before income taxes reported in discontinued operations are as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
Net operating revenues	$ 1	$ 3	$ 2	$ 6
Net loss before income taxes	(2)	(10)	(35)	(7)

Net loss before income taxes from discontinued operations in the nine months ended September 30, 2014 included approximately $18 million of expense recorded in litigation and investigation costs allocable to one of our previously divested hospitals related to a class action lawsuit discussed in Note 10. In the nine months ended September 30, 2013, we recognized a $7 million gain in discontinued operations related to the sale of land.

Should we dispose of additional hospitals or other assets in the future, we may incur asset impairment and restructuring charges in future periods.

NOTE 4. IMPAIRMENT AND RESTRUCTURING CHARGES, AND ACQUISITION-RELATED COSTS

During the nine months ended September 30, 2014, we recorded impairment and restructuring charges and acquisition-related costs of $90 million, consisting of $14 million of employee severance costs, $6 million of contract and lease termination fees, $19 million of restructuring costs, and $51 million in acquisition-related costs, which include $7 million of transaction costs and $44 million of acquisition integration charges.

During the nine months ended September 30, 2013, we recorded impairment and restructuring charges and acquisition-related costs of $45 million, consisting of $2 million relating to the impairment of property, $10 million of restructuring costs, $9 million of employee severance costs, $1 million in lease termination fees, and $23 million in acquisition-related costs.

Our impairment tests presume stable, improving or, in some cases, declining operating results in our hospitals, which are based on programs and initiatives being implemented that are designed to achieve the hospital’s most recent projections. If these projections are not met, or if in the future negative trends occur that impact our future outlook, impairments of long-lived assets and goodwill may occur, and we may incur additional restructuring charges, which could be material.

As of September 30, 2014, our continuing operations consisted of two operating segments, our hospital and other operations and our Conifer subsidiary. During the three months ended March 31, 2014, we combined our

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California region and our Phoenix market to form our Western region. Our hospital and other operations are currently structured as follows:

- Our Central region includes all of our hospitals and other operations in Missouri, New Mexico, Tennessee and Texas, except for those in the Resolute Health, San Antonio and South Texas markets;
- Our Florida region includes all of our hospitals and other operations in Florida;
- Our Northeast region includes all of our hospitals and other operations in Illinois, Massachusetts and Pennsylvania;
- Our Southern region includes all of our hospitals and other operations in Alabama, Georgia, North Carolina and South Carolina;
- Our Western region includes all of our hospitals and other operations in Arizona and California;
- Our Detroit market includes all of our hospitals and other operations in the Detroit, Michigan area;
- Our Resolute Health market includes our hospital and other operations in the New Braunfels, Texas area;
- Our San Antonio market includes all of our hospitals and other operations in the San Antonio, Texas area; and
- Our South Texas market includes all of our hospitals and other operations in the Brownsville and Harlingen, Texas areas.

These regions and markets are reporting units used to perform our goodwill impairment analysis and are one level below our hospital operations reportable business segment level.

We periodically incur costs to implement restructuring efforts for specific operations, which are recorded in our statement of operations as they are incurred. Our restructuring plans focus on various aspects of operations, including aligning our operations in the most strategic and cost-effective structure. Certain restructuring and acquisition-related costs are based on estimates. Changes in estimates are recognized as they occur.

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NOTE 5. LONG-TERM DEBT AND LEASE OBLIGATIONS

The table below shows our long-term debt as of September 30, 2014 and December 31, 2013:

	September 30,	December 31,